

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF BERNARDSVILLE

DONALD T. DiFRANCESCO
Acting Governor

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DECEMBER, 2001



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Bernardsville

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as, employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF BERNARDSVILLE**

Clerk's Office

The borough should consider automating the collection of fees into the borough's accounting package or on to spreadsheets, at a one-time expense of \$1,500.

The team recommends that the borough enact an annual mercantile licensing requirement, yielding an annual revenue enhancement of \$745 and at an annual expense of \$745.

Administration

By implementing a bi-weekly payroll for the police department, the borough could save \$2,371 in vendor costs, yielding a productivity enhancement of \$1,600.

Insurance

The team recommends that the borough renegotiate the risk manager consultant's contract from 6% to 3%, saving \$5,428.

Technology

The team recommends that the borough contract for eight hours of weekly computer support services, at an expense of \$10,400.

The borough should consider eliminating cellular phone service for non-emergency departments, saving \$1,500.

By utilizing the state's cost-per-copy contract, the borough could save \$2,041.

The team recommends that the borough negotiate a 3% franchise fee and free cable (including Internet access), yielding a revenue enhancement of \$3,450, with a savings of \$2,320 from reduced Internet charges.

Finance

The borough should consider reducing its surplus from the current 22.9% to the standard 15%, yielding a one-time revenue enhancement of \$488,827.

Cash Management

By implementing charges to citizens whose checks are returned by the bank, the borough could save \$288.

The team recommends that the borough obtain competitive proposals for its main banking business, yielding a revenue enhancement of \$23,483.

Police

The team recommends that the borough upgrade the existing police MDT software package to allow report writing with cellular submission, at a one-time expense of \$28,080, with a productivity enhancement of \$40,000.

The police department should consider implementing a 10-hour/four-day workweek in the detective bureau, saving \$7,200 in overtime.

By transferring all dispatching services to the county, the borough could save \$237,168.

The team recommends that the borough appoint the administrative and/or patrol lieutenant as a court liaison officer, yielding a productivity enhancement of \$11,200.

The team recommends that the borough upgrade the police department facility to comply with police facility standards, at a one-time expense of \$8,500.

In order to improve their appearance and to minimize corrosion problems, the team recommends that the borough wash its vehicles more frequently, at an expense of \$2,574.

The borough should consider replacing the meters at the train station with a slot parking system, yielding a revenue enhancement of \$16,820. The borough should also consider installing a .25 cent meter parking in the two-hour parking areas of the train station, at a one-time expense of \$8,450, with a yearly revenue enhancement of \$4,400.

The team recommends that the borough appoint the animal control officer as a parking enforcement officer, requiring daily collection and patrol of the train station area. This will increase citations and yield a revenue enhancement of \$27,000. The team also recommends that the borough increase parking permit fees to \$175, for a revenue enhancement of \$4,125.

Court

The borough should consider installing an alarm system to improve security in the court office, at a one-time expense of \$500.

Volunteer Fire and Emergency Services

By seeking reimbursement of EMS expenses through insurance billing, the borough could yield a revenue enhancement of \$54,500.

Animal Control

The team recommends that the animal control officer perform a more proactive dog canvas, yielding a revenue enhancement of \$1,871. The team also recommends that the borough perform a cat canvas, for an additional revenue enhancement of \$5,985.

Public Works and Engineering

The team recommends that the borough contract out its grass cutting to a private vendor, saving \$17,838. The team also recommends that the borough contract out for its recreation baseball/softball fields maintenance, for an additional savings of \$21,929.

By eliminating the special schedule on Friday as authorized by the labor contract, the borough could yield a productivity enhancement of \$10,764, with a savings of \$2,488 in overtime, during leaf collection.

The borough should consider contracting out for snow plowing of the library, train station and post office parking lots, at an expense of \$355.

By establishing one position as a Tuesday through Saturday, with an overtime schedule based on a 40-hour week rather than an eight-hour day, the borough could save \$3,786 by eliminating overtime of one person at the landfill.

The team recommends that the borough purchase a computer and vehicle maintenance software, at a one-time expense of \$1,500.

The borough should consider having the mechanic take vehicles needing inspection to a local service station rather than driving to a state operated inspection station, at an expense of \$780, yielding a productivity enhancement of \$864.

The team recommends that the borough switch its automotive fuel grade from 93 to 87-octane, saving \$1,500.

Buildings and Grounds

The borough should consider purchasing programmable thermostats, at a one-time expense of \$400, which will lower heating bills, for an annual savings of \$640.

By discontinuing the practice of supplying bottled water, the borough could save \$3,183.

The team recommends that the borough obtain new bids for its cleaning services, reducing the square footage cost, saving \$2,800.

The team recommends that the borough sell the property, Block 17 lots 30 & 43, yielding a one-time revenue enhancement of \$1.3 million.

The borough should consider working with the school board to limit the hazardous conditions to walking students in the middle school area, at a one-time expense of \$40,425 for the construction of sidewalks.

Uniform Construction Code (UCC)

The team recommends that the borough add seven clerical hours per week to the UCC function, at an expense of \$3,640. The team also recommends that the borough hire a part-time building code officer to work at least 10 hours per week, at an expense of \$15,000.

The borough should consider increasing the fees charged by the UCC function, yielding a revenue enhancement of \$18,500.

Bernardsville Public Library

The team recommends that the library hire a full-time librarian, at an expense of \$40,000.

By utilizing the state's cost-per-copy contract, the library could save \$955. By competitively bidding for banking services, the library could yield an additional revenue enhancement of \$3,175.

The borough should consider converting the heating system in the library from electric to gas, at a one-time expense of \$17,500, with an annual savings of \$5,550.

Health Department

The team recommends that the borough increase fees for septic and soil applications, yielding a revenue enhancement of \$8,085.

Recreation/Utility

The finance office and the recreation utility should purchase financial software to track utility costs by program, at a one-time expense of \$8,000.

The team recommends that the borough include a partial bid award option when competitively contracting for lawn service, saving \$700.

Due to a 55% decline in participation in the extended day camp program, the utility should consider using the cost and revenue data to reduce staffing levels, saving \$2,800.

The team recommends that the recreation utility increase the pre-season, resident and family membership price, yielding a revenue enhancement of \$10,120. The team also recommends that the senior citizens pay their portion of the cost to operate the swimming pool. By charging a \$40 annual membership fee, the utility could yield a revenue enhancement of \$2,400.

Collective Bargaining Issues

The borough should consider negotiating a \$15,000 cap on severance pay on retirement, potentially saving \$4,300.

The team also recommends that the borough replace the uniform allowance with a quartermaster system, potentially saving \$21,200.

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF BERNARDSVILLE**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Clerk's Office				
Automate collection of fees	(\$1,500)			(\$1,500)
Administration				
Implement bi-weekly payroll for police department		\$3,971		\$3,971
Insurance				
Renegotiate risk manager consultant's contract		\$5,428		\$5,428
Technology				
Contract for eight hours of weekly computer support services		(\$10,400)		
Eliminate cellular phone service for non-emergency departments		\$1,500		
Utilize state's cost-per-copy contract		\$2,041		
Negotiate a 3% franchise fee and free cable (including Internet access)		\$3,450		
Savings from reduced Internet charges		\$2,320		(\$1,089)
Finance				
Reduce surplus from 22.9% to the standard 15%	\$488,827			\$488,827
Cash Management				
Implement charges to citizens whose checks are returned by the bank		\$288		
Solicit competitive bids for main banking business		\$23,483		\$23,771
Police				
Upgrade existing police MDT software package	(\$28,080)	\$40,000		
Implement 10-hour/four-day workweek in detective bureau		\$7,200		
Transfer dispatching services to the county		\$237,168		
Appoint administrative and/or patrol lieutenant as court liaison officer		\$11,200		
Upgrade police department facility	(\$8,500)			

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
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<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Wash vehicles more frequently		(\$2,574)		
Replace meters at train station with a slot parking system		\$16,820		
Install .25 cent meter parking in two-hour parking areas	(\$8,450)	\$4,400		
Appoint animal control officer as a parking enforcement officer		\$27,000		
Increase parking permit fees to \$175		\$4,125		
				\$300,309
Court				
Install alarm system to improve security in the court office	(\$500)			
				(\$500)
Volunteer Fire and Emergency Services				
Seek reimbursement of EMS expenses through insurance billing		\$54,500		
				\$54,500
Animal Control				
Perform dog canvas		\$1,871		
Perform cat canvas		\$5,985		
				\$7,856
Public Works and Engineering				
Contract out for grass cutting		\$17,838		
Contract out for recreation baseball/softball fields maintenance		\$21,929		
Eliminate special schedule on Friday		\$13,252		
Contract out for snow plowing library, train station & post office parking		(\$355)		
Establish one position at landfill as Tuesday through Saturday		\$3,786		
Purchase computer and vehicle maintenance software	(\$1,500)			
Use local inspection service stations instead of state facility		\$84		
Switch automotive fuel grade from 93 to 87-octane		\$1,500		
				\$56,534
Buildings and Grounds				
Purchase programmable thermostats	(\$400)	\$640		
Discontinue practice of supplying bottled water		\$3,183		

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF BERNARDSVILLE**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Obtain new bids for cleaning services reducing square footage costs		\$2,800		
Sell property, Block 17 lots 30 & 43	\$1,300,000			
Construction of sidewalks	(\$40,425)			
				\$1,265,798
Uniform Construction Code (UCC)				
Add seven clerical hours per week to UCC function		(\$3,640)		
Hire a part-time building code officer		(\$15,000)		
Increase fees charged by the UCC function		\$18,500		
				(\$140)
Bernardsville Public Library				
Hire full-time librarian		(\$40,000)		
Utilize state's cost-per-copy contract		\$955		
Competitively bid for banking services		\$3,175		
Convert heating system from electric to gas	(\$17,500)	\$5,550		
				(\$47,820)
Health Department				
Increase fees for septic and soil applications		\$8,085		
				\$8,085
Recreation/Utility				
Purchase a financial software to track utility costs	(\$8,000)			
Include a partial-bid award option when contracting for lawn services		\$700		
Reduce staffing in day camp program		\$2,800		
Increase pre-season, resident and family membership price		\$10,120		
Charge \$40 for senior citizens		\$2,400		
				\$8,020
Collective Bargaining Issues				
Negotiate \$15,000 cap on severance pay on retirement			\$4,300	
Replace uniform allowance with quartermaster system			\$21,200	

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF BERNARDSVILLE**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Total Recommended Savings	\$1,673,972	\$498,078	\$25,500	\$2,172,050
*\$25,500 not included in savings of \$2,172,050.				
Total Amount Raised for Municipal Tax				\$5,795,620
Savings as a % of Municipal Tax				37%
Total Budget				\$8,429,111
Savings as a % of Budget				26%
Total State Aid				\$901,705
Savings as a % of State Aid				241%

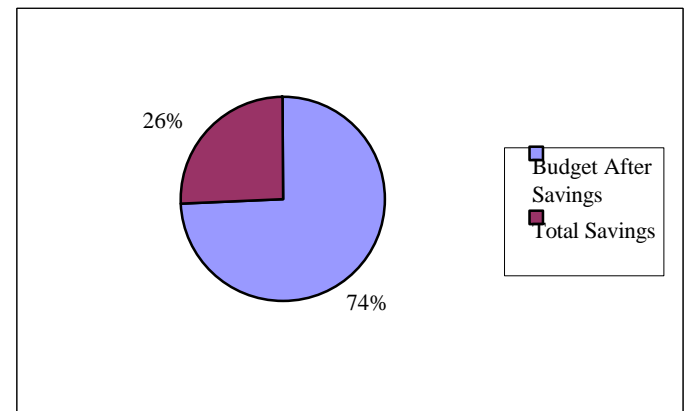
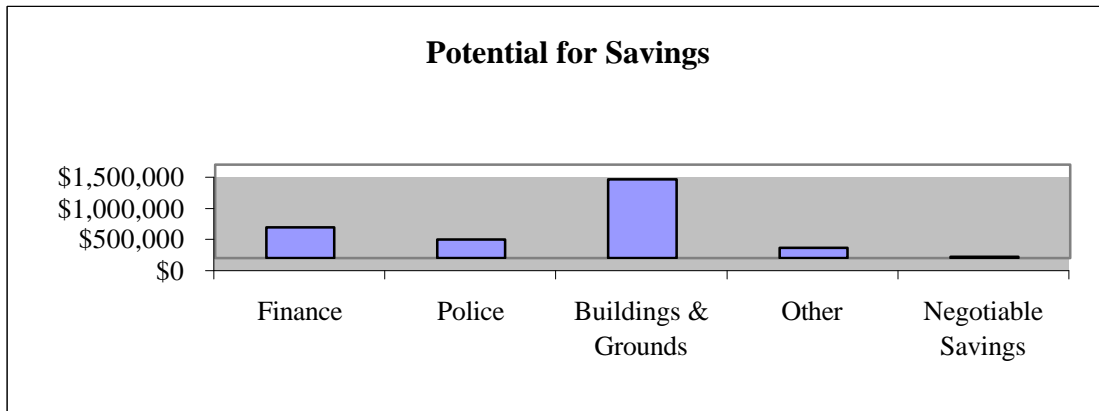


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COMMUNITY OVERVIEW

Bernardsville is located in the center of the top half of the state in northeast Somerset County. Along with the beautiful landscape of rolling hills and steep slopes, Bernardsville possesses both financial wealth and a strong sense of community spirit.

This community spirit is reflected in the large number of volunteers who staff borough committees, councils, and commissions. Some volunteers serve in more than one capacity, often giving the community two nights of volunteer service. As discussed later, this spirit is also reflected in the mayor and the council members. In the town, there exists a feeling of caring about both their neighbors and the welfare of their town.

The borough includes approximately 13.1 square miles of land and a population of about 6,600. Bordering on the west and the south are the boroughs of Peapack/Gladstone, Far Hills, and Bernards Township. Bordering on the north and the east are three Morris County towns: Township of Mendham, Borough of Mendham and the Township of Harding. This region is known as the Somerset Hills group of communities.

In terms of wealth, Somerset County is the most affluent in New Jersey. Personal per capita income in 1997 was \$46,392. This is 7.6% above Bergen County, 43.4% above the state average, and 83.5% above the national average. Of the 21 towns within the county, Bernardsville has the second highest per capita income (\$86,179) and the second highest average residential value (\$459,955). Because property taxes are generally the major source of municipal revenue in New Jersey, these residential values provide the borough with a strong financial base. The specific impact of this on municipal tax rate and revenues is discussed in the financial section of this report.

The Borough of Bernardsville is named after Sir Francis Bernard, Colonial Governor of New Jersey from 1758 to 1760. In 1924, Bernardsville split from Bernards Township and became a separate borough.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those “best practices” recognized for cost and/or service delivery effectiveness.

The Borough of Bernardsville has numerous best practices that other boroughs should consider adopting. These are as follows:

- The borough’s volunteer fire department purchases its own fire trucks, as opposed to using taxpayer dollars, saving the borough hundreds of thousands of dollars. The department sponsors numerous fund raising events for these purchases.
- Almost all of Bernardsville’s DPW workers are either volunteer fire or EMS people. This provides critical staffing during daylight hours.
- In Bernardsville’s geographic area there are many, very qualified employees who provide a pool of part-time workers. This pool is made up of spouses of individuals who work in the area or in New York City. Both the borough and the library employ many of these people. They offer excellent skills, at lower costs, because they often do not require health or pension benefits, generating savings of 25% of salary costs.
- The borough has an officially designated “flex pool.” This pool of employees shares the clerical work from all departments. Overflow work from one department is quickly shared with clerical support from other departments. The team observed this work distribution on numerous occasions and was impressed with the efficiency and teamwork shown by the employees.
- The borough keeps the recycling operation open on Saturdays from 9:00 a.m. to 2:30 p.m. This encourages citizens to recycle landscaping products including leaves, grass clippings, foliage, as well as other items like building materials. This service cost the borough about \$15,000 annually but this cost can be reduced by almost 25%, as noted in the department of public works section of this report.
- The borough and the library have worked together to gain major financial and non-financial support from the community. The “Bernardsville Friends of the Library Association” raised \$1.5 million to build the new library and contributed \$.4 million for interior furnishings. In addition, a volunteer garden club does the gardening and landscaping of the library grounds. The borough’s and the community’s commitment to

the library has created a major resource for the community. For example, the library's Historical Room contains numerous invaluable documents on Bernardsville history. The library is one of the best in both the state and the country; ranked 6th out of 1,500 similar sized libraries in the country by the prestigious Hennen Library List.

- Instead of building a senior citizens center, the seniors use a church basement paying only utility costs, which are funded through a private endowment.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change, which will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports, because it includes health benefits, social security, pension, unemployment and other direct benefit costs.

GOVERNING BODY

Bernardsville operates under the borough form of government with a mayor and a council. There are six council people elected for three year terms, two of which face election each year. The mayor is elected for a four-year term. The mayor votes only if there is a tie among the council members. The governing body meets twice a month. One meeting is an agenda meeting and the other is a council meeting.

The council organizes itself into four committees. They are:

- finance;
- engineering, technology, and public works;
- personnel; and
- public safety.

The team attended two council meetings and, over the course of the review, observed a number of governing body member interactions with staff. The team also interviewed each member of the governing body.

The team believes the governing body has the strongest commitment to public service it has ever seen. The community has a historical commitment to public service that is reflected in three ways. First, the governing body accepts only a token payment for their service. In 1999, the mayor and council each received \$1 for their service to the borough. In addition, none of the governing body members receives health benefits. The team identified the average salary and fringe benefit costs of governing body members from five similar local governments in the area. The average salary costs are roughly \$2,680 for mayors and \$1,660 for each council member. The average fringe benefit costs are \$3,500. If the governing body in Bernardsville incurred these average costs, its total cost would be \$36,140, instead of \$7.

The team commends the mayor and the council for its commitment to public service by accepting only a token amount of money for this service. The cost to operate the governing body in Bernardsville is \$36,133 less than similar towns in the area.

Second, is the governing body's seriousness of purpose in conducting the public's business. This is demonstrated in several ways. The governing body is committed to ensuring that there is always a quorum, by attending council meetings regularly. During a typical year, almost all of the governing body members miss only a few meetings. One councilman scheduled a trip out of the country in a way that avoided missing a council meeting. The governing body strives to fully debate issues, gather comprehensive data, and make well-informed decisions. During council meetings the governing body had a full and in-depth discussion of numerous issues and agreed upon or delayed courses of action as dictated by the information or the situation. However, capital planning is one area where the governing body needs to strengthen its oversight. This is discussed in the building and grounds section of this report.

Third, the governing body maintains a clear focus on its role to set direction and priorities and allocate resources accordingly. They let the full-time management and supervisory staffs carry out their role of implementing the governing body's decisions, with the governing body maintaining appropriate oversight. This oversight includes monthly reports from managers and supervisors and direct contact in only selected situations. Except for the one area noted above, by focusing on its overall policy role rather than getting involved in daily operating details, the governing body is able to do a more thorough and in-depth job. In cases where the governing body has particular expertise (such as in Bonding and Personnel), it works more closely with staff.

The governing body demonstrates a strong commitment to hiring and keeping quality staff and letting them do their job. Interviews with the governing body indicated that it had uniform respect for employees and believed that they were knowledgeable and did their jobs well. The team found this to be the case as well. This atmosphere of mutual trust and respect helps to attract and retain this quality staff.

The team commends the mayor and the council of Bernardsville for its commitment to public service and managing the borough in a way that both represents the best of public service and leads to attracting and maintaining its high quality staff.

CLERK'S OFFICE

The clerk's office spends about \$105,000 per year. This includes about \$90,715 in salaries and roughly \$15,000 in O/E costs. Three people (including the clerk) work in the office, although they all work in other borough jobs. The clerk is also the assistant borough administrator; the deputy clerk does payroll, maintains time sheets, and helps with assistant borough administrator work; and the secretary to the clerk is the registrar and works in a clerical pool. Excluding the non-clerk activities, total staffing in the clerk function is 1.75 full-time equivalent (FTE).

The clerk's office receives about \$60,000 per year in revenues from fees and licenses, including liquor licenses, dog and cat licenses, parking lot stickers, and, beginning February 1, 2001, passport fees. The revenues are manually logged in various cash receipt books. Although it did not take the borough long to total all receipts in 1999, keeping manual ledgers makes yearly reporting and comparisons among different years more cumbersome.

Recommendation:

The borough should consider automating the collection of fees into the borough's accounting package or onto spreadsheets.

One-time Value Added Expense: \$1,500

The borough generally tries to keep fee and license amounts current and in line with the boroughs costs and priorities. To accomplish this, the clerk periodically reviews fee and license amounts and recommends changes to the governing body. For example, in 1996, the borough raised the late fee for registering dogs and cats. This was done to protect public health by ensuring that pets receive proper and current shots and to help the borough comply with State health requirements for completing a pet census. Another example occurred in November, 1999, when the borough made the fee amounts for peddlers and solicitors the same. This reduced administrative time required categorizing vendors. Alcoholic beverage license fees are the highest permitted by law.

In addition to the numerous statutory responsibilities assigned to the clerk's office, the clerk also manages a clerical pool. The borough uses resources efficiently by sharing clerical personnel among the various departments. All departments, except the courts, are expected to share administrative tasks on an "as needed" basis, as assigned by the clerk. The governing body passed a resolution (#95-270) formalizing this "flex pool." The team spent several months in the borough and observed numerous instances of work being assigned and completed across departmental structures. The employees worked as a team and the attitude was to help one another and to get the work done as quickly as possible.

The team commends the borough for establishing a “flex pool” to use clerical resources efficiently and for establishing a cooperative attitude among employees in different departments.

Mercantile Licensing Fee

The borough does not require the approximately 149 businesses located in the borough to obtain a mercantile license. Obtaining such a license serves many important purposes for the commercial property owner, the business tenant and the borough.

For the commercial property owner or tenant, an annual business license provides the police and fire departments with up to date emergency contact information. It is important for the business to be contacted as quickly as possible during an emergency, so they can determine its impact on their ability to conduct business the next day. After an emergency occurs, it is critical that the borough provides the business with as much time as possible to make necessary plans and adjustments. Because of the need to contact a business quickly in an emergency, businesses will provide two or more numbers (cell phone, pager) and the number of a backup person to be contacted.

The borough currently gathers some emergency contact information from businesses, but, it is not comprehensive, up to date and backup information may not be provided. For example, landlords are required to provide the borough with contact information regarding their tenants. However, this is updated only when a change occurs and the borough does not ensure that all landlords are complying with requirements.

Another source of information is the fire prevention and fire sub-code inspectors. The fire prevention person completes an annual fire inspection of each business property. However, this is a technical review looking for fire prevention issues such as stairways cleared, or fire extinguishers certified, etc. The owner or tenant is not required to be on site during these inspections, so gathering emergency contact information is not always possible. The fire sub-code official also inspects buildings but this is only for new construction or major renovation.

The police also gather emergency contact information from the businesses in the downtown area in the summer as part of their bike program. But discussions with the police indicate they only do this during the summer and new businesses opening during other times of the year are not contacted until the summer. Therefore, no one in the borough has comprehensive and current information to contact business owners or tenants in case of an emergency.

This information would benefit the borough in many ways. The sooner the businessperson arrives at the scene of an unlocked door, leaking fuel from a vehicle, false alarm or other such situation, the faster the police can return to their normal patrol duties. In addition, the borough could use the information on the number and type of businesses opening or closing to monitor trends in the business community. This is useful because smaller businesses tend to open, close, and change use frequently.

The team believes that an annual \$5 fee would be adequate to cover the administrative costs of gathering and maintaining this data and sharing it with the police and fire departments. This cost

would be approximately \$745 (\$5 x 149 businesses). A one-time initial fee of \$25 would generate approximately \$3,725. This would cover the costs of computer hardware and software required. Any excess revenue raised by this initial one-time fee could be returned in lower fees the next year.

Recommendations:

The borough should enact an annual mercantile licensing requirement. This will provide a source of current and comprehensive emergency contact and business information that will benefit the businesses and the borough.

One-time Value Added Expense: \$3,725
One-time Revenue Enhancement from Fees: \$3,725
Annual Value Added Expense: \$745
Annual Revenue Enhancement: \$745

Records Storage and Retrieval

The borough has limited record storage space. When the clerk came to the borough about 10 years ago many records had not been destroyed in years. The clerk reviewed the records and with the approval of the Division of Archives and in accordance with the record retention schedule, was able to dispose of about two dump truck loads of records. Because storage space costs money the clerk saved the borough thousands of dollars in unnecessary storage.

During the course of this review the team requested numerous documents from the clerk and others. The team found records to be exceptionally well organized, accessible and complete.

The team commends the borough clerk for eliminating unnecessary records from borough hall, thereby, saving the borough thousands of dollars in storage costs and for maintaining records in an exemplary manner.

Codebook

The borough had a major update of its codebook in 1993 and has it updated yearly. During the year, the clerk updates the book manually.

ADMINISTRATION

Personnel

The management of personnel and effective personnel policies present opportunities for cost savings and are critical to operating efficiency. Salary accounts for about 38.5% of the borough's expenses. The borough has approximately 54 full-time employees and 106 part-time employees. About 75% of the part-time employees work during the summer at the pool and other recreation activities.

Responsibility for the personnel function is officially assigned to the borough administrator. However, the clerk and the assistant clerk maintain personnel records and are responsible for daily operating issues. The team found several examples indicating that the borough effectively

manages its human resource needs. First, the borough has updated job descriptions. These are revised whenever a job is changed or moved to another location. A council member, who works in the personnel function in the private sector, in conjunction with the borough administrator and the borough attorney are updating the current employee manual and employee evaluation system.

Second, the borough keeps personnel costs down by taking advantage of an opportunity to hire from a pool of very qualified, part-time employees who do not need medical benefits. This pool exists because many large companies are located nearby (e.g., AT&T) and spouses of these employees often seek part-time work. This pool enabled the borough to eliminate the two full-time positions of treasurer and controller and to make them part-time.

Third, the borough also structures selected positions in a way that addresses large or seasonal changes in workload. The borough has numerous positions where personnel temporarily help out at busy times in the tax, court clerk's, recreation and registrar's offices. This not only provides for efficient staffing but, also, provides some level of cross training and helps to enrich the employees job diversity and experience. The borough also uses these workload changes to maintain an environment of teamwork and to encourage employees to expand their skills and take on additional responsibilities.

The team commends the borough for establishing a positive work environment and encouraging employee development.

The borough monitors employee sick day usage to identify any abuse, including patterns of use on Monday or Friday. The team reviewed the use of sick days over 1999. The review indicates that employees have an excellent record. The average number of sick days used per employee in 1999 was 2.6 (police sick hours were translated in equivalent 8-hour days and two police medical leaves were excluded). In addition, there were many employees with zero or one sick day.

The team commends the borough's employees for using a low number of sick days.

Payroll

Most private organizations pay their employees either once per month (12 checks) or bi-weekly (26 checks). The borough pays its employees on a biweekly schedule, except for police, who are paid weekly. The borough's bank processes payroll, completes the necessary federal and state reports and produces the paychecks. The bank does not charge the borough directly for this; instead, these charges are taken out of interest earnings.

The assistant clerk is responsible for time sheets and ensuring that employees receive the proper pay and on time. This takes about 20% of his time and costs about \$7,200 per year.

The team analyzed the additional cost to process a weekly payroll for the police. The team reviewed the vendor bills and identified that the 26 extra police payrolls cost the borough about \$2,371 per year. Because a smaller number of people are included in this payroll, the per-check charges are higher than during the normal payroll run. The borough also incurs a cost by having two separate payroll processes, because it precludes setting up automatic deposit of paychecks. The added cost is the time and effort to replace lost paychecks.

In addition to specific vendor charges, the team estimates that the clerk spends roughly 4% of his time processing this additional police payroll. The team estimates this cost is \$1,600. Therefore, the total additional cost to process the weekly police payroll is \$3,971.

Recommendation:

The borough should implement a bi-weekly payroll for the police department. This will reduce annual vendor cost by \$2,371 and reduce annual administrative effort worth \$1,600.

Costs Savings: \$2,371
Productivity Enhancement: \$1,600

INSURANCE

The borough currently participates in the Suburban Municipal Joint Insurance Fund (JIF). JIFs allow local governments to pool insurance risk with other government entities, in an effort to achieve savings from economies of scale. JIF's typically provide insurance for smaller government entities for less than the traditional commercial rates. The borough insures for property, general liability, auto liability, workers' compensation, public officials and employment practices. The borough obtains excess liability insurance through the Municipal Excess Liability Joint Insurance Fund (MELJIF).

The team reviewed loss run reports and additional insurance documents provided by the borough. According to municipal records, in 1998 and 1999, the borough paid \$176,179 and \$180,980 for the JIF and MELJIF insurance coverage, respectively. An actual price/limit comparison to the commercial market is not possible since many of the JIF's prices are inclusive to a package deal. The following table provides coverage limits and the 1998 & 1999 insurance cost.

Comparative of 1998 and 1999 Insurance Premiums

Coverage	Limit	1998 Cost	1999 Cost
JIF Property*	\$250,000,000	\$15,841	\$14,456
JIF General Liability	\$100,000	\$21,777	\$22,235
JIF Auto Liability	\$100,000	\$7,574	\$7,439
JIF Workers Compensation	Statutory	\$38,664	\$41,589
JIF MEL Agg. Excess Loss Fund	\$1,000,000	\$494	\$526
JIF Environmental	Various	\$8,559	\$8,999
MEL(Excess Liability)	Various	\$44,624	\$44,587
JIF Expenses & Contingency		\$26,338	\$28,455
Risk Manger		\$10,592	\$10,856
LFC		\$1,712	\$1,790
Joint Insurance Fund Total		\$176,175	\$180,932
Flood Insurance	\$500,000	\$1,782	\$1,959
Excess Public Officials		\$1,743	\$450
Employee Bond		\$2,142	\$2,892
Group Accident Policy		\$750	\$750
Total		\$182,582	\$186,983

*Excess of 125% of the certified loss funds.

Recommendations:

JIF's were originally founded to combat the increasing cost of commercial insurance. However, over the past several years, the commercial market has become increasingly competitive. It is, therefore, recommended the borough periodically compare JIF premiums with the commercial market to ensure that the borough continues to receive competitive prices.

It is also recommended the municipality periodically bid its insurance coverage outside the JIF to ensure that the borough continues to receive competitive rates. The team feels that the borough's low claim rate may result in lower insurance premiums through the commercial market.

The team found that many of the insurance documents are sent to the borough's representative instead of the clerk's office. Fortunately, the JIF was able to provide us with the necessary documents. Still, insurance documents are official borough records and, therefore, should be sent directly to the clerk's office. Documents can be copied and distributed, as appropriate.

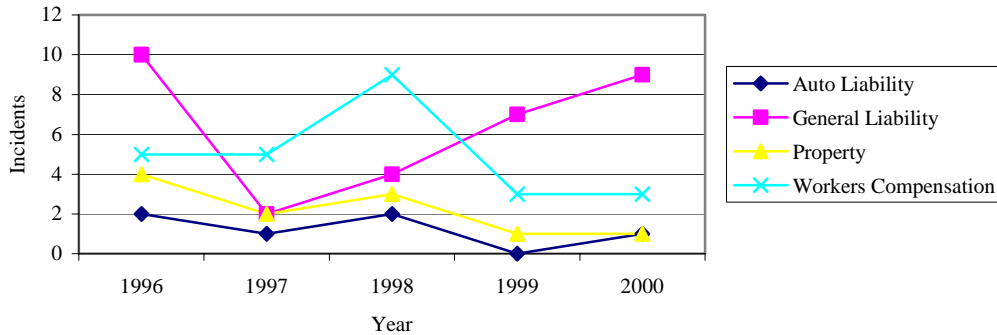
Recommendation:

The team recommends that the clerk receive all insurance documents for official recording.

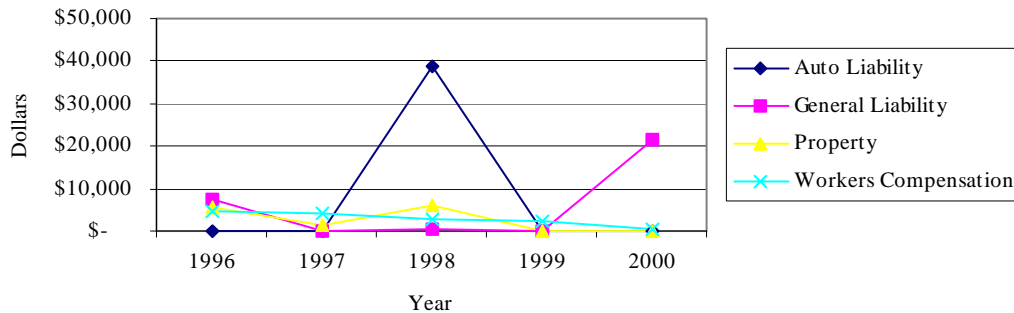
Insurance Claims

Insurance premiums correlate to the number of claims filed each year. In an effort to keep costs under control, each member of the JIF, in conjunction with the risk management consultant,

should review prior year claims to determine patterns and identify areas of excessive claims. The safety committee should also review the monthly loss-run report to identify any trends in claims. The chart below reflects the number of claims filed from 1996 to 2000.



Over this period the borough averaged approximately 14 claims per year. General liability claims have been trending upwards, workers' compensation has been slightly decreasing and property and auto liability has remained low. Monetary reimbursement by the JIF remains nominal, although general liability is increasing, which coincides with the increased number of claims (see table below):



In 1999, the JIF paid approximately \$2,237 in claims. By November, 2000, the total dollar amount of claims increased to \$23,340, but the number of claims remained stable. This reflects the increased costs of general liability claims. The team observed that many of the claims appear to be related to sewer backups and trip/slip and fall. The increase in monetary expenditures by the JIF may result in an increased risk assessment against the borough leading to increased premiums.

Recommendation:

The insurance loss run reports indicate a downward or flat trend of the number of insurance claims. However, it appears that the cost of general liability claims may be increasing. It is, therefore, recommended that the borough review the loss run report monthly to identify if the borough can reduce general liability claims.

Risk Management

The major drawback of JIFs is the shared risk factor, because an incurred expense becomes the responsibility of the collective group. The JIF can minimize this risk through a proactive approach focused on each participant. Specifically, each participant should have a safety committee staffed with personnel from each department. The safety committee, under guidance from the JIF's risk management consultant, should perform monthly safety inspections and develop employee training programs that will contribute to a safe work environment and risk reduction.

During the LGBR tours, the team noticed areas of concern that the safety committee and administration should address. The following lists some of the team's observations:

- There appear to be no smoke detectors in borough hall.
- There were no emergency evacuation diagrams in the court/council chambers.
- There appear to be no evacuation plans posted in any of the offices.
- The rear escape stairway appears to be detached from the building.
- The wall next to the code inspector's desk is open and has exposed wiring and electrical outlets.
- Floors throughout the older section of the police department are uneven and not properly marked.
- Apprehended individuals are admitted into the police building via the general public entrance.
- During the review, the team observed numerous doors in the police department were unlocked and accessible by the public.
- The police dispatch's plexi-glass intake window does not meet attorney general recommendations.
- The alarm system for the police department was not functioning during the review.
- It appears that the DPW facility has inappropriate literature and wall decorations.
- According the DPW time sheets, several employees consistently work 19 – 21 hours in a 24-hour period during snowstorms.
- The mechanic's garage vents exhaust into the upstairs administrative area of the DPW facility.
- Library employees were shoveling snow at the library.

These conditions increase "risk" to the borough. The team believes that most of the above issues are typically identified and addressed by a strong safety committee. The borough needs to strengthen its safety committee. It currently does not perform monthly inspections. Many of the recommendations found in the loss control inspection reports are general in nature and would normally be identified during routine inspections. The team believes that a strong relationship

exists between a strong safety committee and reduced liability and workers' compensation claims. While the LGBR team members are not expert risk management consultants, we recognize that the borough needs to address safety issues and minimize risk in the borough through a strong safety committee and improve operational policies.

Recommendation:

The borough needs to proactively address risk management and safety issues. These efforts should include working with its risk management consultant to develop a more effective safety committee and policies for daily, weekly and monthly inspections. These efforts should reduce workers' compensation claims and lost productivity while protecting borough assets.

Employee safety handbooks contribute to improved safety and reduced borough liability. A handbook includes written policies ranging from sexual harassment to procedures for reporting a work-related injury. The City of Cape May has developed a safety/handbook that the team uses as a model and would serve as a template for a Bernardsville employee safety handbook.

Recommendation:

It is recommended the borough develop an employee safety handbook.

Risk Management Consultant

The risk management consultant (RMC) advises and assists the borough in reducing liability. Based on the team's review of loss control reports, it appears the RMC actively participates in the risk management of the borough. The RMC receives approximately 6% of the promulgated premium of \$180,938 or \$10,856 annually to provide these services to the borough. In at least two other JIFs, the team found that municipalities were able to negotiate a commission rate of 3%.

Recommendation:

Based on the team's review of other municipalities participating in JIFs, it is recommended the borough renegotiate the risk manager consultant's contract from 6% to 3%, for a saving of \$5,428.

Cost Savings \$5,428

TECHNOLOGY

Technology provides local government administrators with numerous opportunities for savings through improved productivity and staffing realignments. Without proper planning and coordination, technology becomes a costly, re-occurring expense. The goal of management and office automation should be to use technology to promote a smarter and a more efficient organization, while limiting the impact on resources. The team found a lack of coordination and use of technology in the borough. The team observed several situations that reflect the lack of

using technology efficiently. These were the use of homemade software programs, the lack of computer training, the purchasing of “home office” printers, and the limited access to the finance system by department heads.

Bernardsville operates a small local area network (LAN) comprised of both new and outdated computers. The borough has two servers, one of which acts as a proxy server for Internet access. The police department has a third server for a caller assisted distribution system (CAD) and records management. Computers range in age from an IMB 1992 286 clone to Celeron and Pentium III class computers. Of the 35 computers listed in the inventory listing, 23 or 66% are from 1998 or earlier.

Expenditures

The borough does not maintain detailed records of technology expenditures and reports that some technology expenditures are probably charged back to departmental budgets. Still, according to budget reports, the borough spent \$17,127 on technology in 1999. This includes \$3,800 in maintenance agreements for the finance and tax collection/assessor software.

Technology Committee and Plan

The borough informed the team that they have neither a technology committee nor a technology plan based on a needs-assessment. These are critical components to using technology effectively. For example, a technology committee, consisting of department employees, community businesses, and residents provides valuable assistance in developing and maintaining technology. The “needs-assessment” survey involves a detailed study in each department of all work processes from the perspective of maximizing efficiency through technology. For example, a mobile data terminal in police fleets removes the redundancy of retyping reports and increases the visual presence of officers in the community. Purchasing digital copiers with duplex capabilities reduces paper consumption and printer usage.

The needs-assessment provides the basis for a technology plan. This plan should be updated each year and would document technology activities and include a three-five year capital budget.

Instead of using these tools, the borough has relied on volunteer support, apparently, as a way to keep costs down. The team commends the volunteer’s efforts to keep MIS costs down. However, the team found that the volunteers had extensive knowledge in technical applications, but were weak in MIS organizational application concepts. This conclusion is based on the many weaknesses found in the current systems.

For example, the volunteers recommended that the borough purchase “home office” ink jet printers. Inkjet cartridges for these printers cost approximately \$27 - \$30 and print approximately 400 – 500 pages compared to laser cartridges, which print 5,000 – 10,000 pages. Laser printers generally pay for themselves in two years. As a result of purchasing color ink jet printers, we found excessive use of color printing and various departments unable to print envelopes because of jamming.

Another example of poor design was found in the recreation and clerk’s offices. The clerk’s office program has critical limitations. For example, the mailing program for dog owners does

not provide cash receipts for licenses or fines. This led to the need for manual ledgers and the inability to reconcile mailing activity with licenses issued and to electronically transfer revenue activity to the finance package. The recreation software program is unable to accept expenditures and salary costs that are necessary to identify the cost of the major recreation programs.

Two weaknesses were found in the police department. First, excessive time was taken to connect the operations lieutenant's and detective bureau's computers to the network. Second, the team finds it inappropriate to have police emails routed through the main server because the three system administrators (the volunteer, town administrator, and clerk) have access to police emails.

There is another problem with using volunteers to carry the major technology load. If the volunteers leave, the borough has not developed an employee who is capable of assuming MIS responsibilities. The borough, therefore, must purchase this expertise. One source where this expertise may be purchased is at Bernardsville library. The library employs a part-time computer expert, skilled in networking technology. The team believes that this individual's experience and education would be an asset to the borough. The team believes that eight hours a week will provide the borough with the necessary support. This would cost approximately \$10,400 (\$25 per hour x 416 hours).

Recommendations:

The borough should create a technology committee comprised of an employee from each department, residents and businesspersons. The committee should perform a "needs-assessment" survey and develop a technology plan and budget for the council to support.

The borough should contract for eight hours of weekly computer support services from someone experienced with MIS organizational application concepts to support the borough's efforts to improve the use of technology. One source for this expertise is the computer support person from the Bernardsville Library.

Value Added Expense: \$10,400

Communications

The borough uses telephone, cellular phones and pagers at a cost of \$28,840, \$2,032 and \$482, respectively. The business office attaches the vendor bills to the purchase order and then files it by check number. The team was not able to readily review the detail in monthly telephone bills because the borough files them by check number. The team reviewed two months of bills and used the vendor report to identify total cost.

Recommendation:

The business offices should consider filing bills by vendor. This would facilitate long term cost analysis for key functions. An alternative would be to track cost for selected functions on a spreadsheet.

The team reviewed April and October, 1999 telephone bills to identify potential savings. The team found appropriate use of directory assistance and long distance services. However, the team does not support the use of cellular services in general municipal operations, especially when pagers are available. Cellular service may be acceptable in police operations for the chief and detective bureau when immediate communications are required. As an alternative for non-emergency departments, the borough may consider a per call reimbursement for personal use of a cell phone.

Recommendation:

The borough should eliminate cellular service for non-emergency departments. This would reduce cost by \$1,500.

Cost Savings: \$1,500

Photocopiers

Photocopiers represent a business expense to all departments in the borough. Local governments procure copiers through four types of financing - purchase, lease, lease/purchase, and cost-per-copy (CPC) contracts. The state CPC contract - T0206 is essentially a rental agreement where the user pays for a specified number of copies and pays additional for any excess copies over the contracted allotment. CPC contracts include all maintenance and supplies, with the exception of paper. The team finds that CPC contracts are generally less expensive than other types of financing, and allows the local governments the benefit of upgrading copier equipment every three years. Furthermore, the state recently added the T0437A cost-per-copy contract that includes digital capabilities. This allows direct printing from individual computers to the copier machine via network interfacing, rather than using multiple printers for each functional area.

While the borough owns five copiers, the team could not compare three of the copiers to the CPC contracts because of record keeping issues. However, using available records on the main borough and police copiers, the team determined that over three years they cost the borough \$11,115 and \$5,940, respectively, excluding paper. The appropriate CPC digital copier three-year cost for the main borough and police copiers would have been \$8,467 and \$2,500 respectively. The difference in cost is \$6,123 or \$2,041 annually. The team believes that further savings will result from using digital technology because the borough could eliminate individual printers for the majority of employees who have them.

Recommendation:

Cost-per-copy contracts are generally less expensive than traditional purchase or lease arrangements. It is, therefore, recommended the borough use cost per copy contracts for a savings \$2,041.

Cost Savings: \$2,041

Cable Agreements

The borough's cable agreement expires in November, 2002. The team reviewed this agreement looking for potential cost savings items. The borough receives a 2% franchise fee based on its gross revenues. In 1999, this agreement generated \$6,927. Based on prior reviews, the team

found several areas needing improvement. First, the team has found municipalities that receive a gross revenue percentage of 3%. This would increase borough revenue by \$3,450. Second, municipalities usually negotiate free cable service and Internet access to all municipal, school district, and fire/EMS buildings in a municipality. This would save the borough \$2,320. Third, cable companies usually contribute the required video equipment to record and broadcast on cable all school board, council and committee meetings. The team does not put a dollar value on this equipment.

In New Jersey, a municipality must petition the board for an increase of a franchise fee in excess of the New Jersey cap of 2%. The municipality may petition the board for permission to charge franchise fee in excess of 2% by way of a provision in the municipal consent ordinance. In its petition, the municipality must show that the additional franchise fee is “warranted by the expense to the municipality with respect to the regulation or supervision within its territory of cable television, or any other expenses caused by the existence and operation within its territory of cable television.” (N.J.S.A. 48:5A-30(c)) The limit to such additional fees a municipality and the state may collect is based on the federal cap of 5% of gross revenues derived from the operation of the cable system. (47 U.S.C. §542) A provision in the ordinance setting a fee in excess of 2% is deemed to be a petition to charge the additional fee. [See also N.J.A.C. 14:17-6.20]

Recommendations:

Based on the review of prior cable agreements, the borough should negotiate a 3% franchise fee, free cable (including Internet access) for all municipal, school and fire/EMS buildings, and equipment to broadcast all school board, council, and committee meetings. This will result in a revenue enhancement of \$3,450 and cost savings of \$2,320 from reduced Internet charges.

Revenue Enhancement: \$3,450
Cost Savings: \$2,320

LEGAL SERVICES

Like most boroughs its size, Bernardsville purchases legal services. The attorney attends all council and agenda meetings, prepares ordinances, provides legal advice to the borough, and represents the borough in court, when necessary. The cost of these services has increased significantly each year over the past five years (1995 through 1999), except for 1997 (see table below). The average annual increase is 19.7% from 1995 through 1999. The major increases occurred in 1999 and 1996; they were 30.6% and 41.6%, respectively. Both of these increases were due to litigation regarding the borough’s library.

Cost for Legal Services 1995-1999

	1999	1998	1997	1996	1995
Cost	\$97,886	\$74,946	\$63,071	\$71,902	\$50,772
Percent Increase/(Decrease)	30.6%	18.8%	-12.3%	41.6%	

The attorney has been with the borough approximately eight years. The prior attorney was with the borough for approximately 30 years. When that attorney left, the borough searched extensively and found its current attorney.

The attorney's hourly rate in 1999 was \$130 per hour. Instead of receiving competitive proposals from other legal firms, the borough ensures that the attorney's rate is reasonable by obtaining informal input on attorney rates from nearby towns and other professional contacts. This appears to be reasonably successful. The team compared the borough's rate to three similar towns and found the borough's rate \$5 or 3.8% higher than the average of the other three towns. Of course, these cost differences may reflect variations in experience and quality, which the team did not review.

The team values continuity of service, but believes that periodically receiving proposals from other legal firms will indicate either that the current firm is providing quality service at a reasonable price or not.

Recommendation:

The borough should periodically receive formal proposals from several legal firms for its legal business. This may result in lower cost.

PROFESSIONAL SERVICE AGREEMENTS

The borough has approximately 46 professional service agreements or contracts. The team reviewed each one to determine whether or not they contained hourly rates, a total cost figure, or a "not-to-exceed" clause when hourly rates are provided but not total cost. Sometimes total costs can not be reasonably estimated. In these cases, a "not-to-exceed" clause is important because it provides the governing body with a maximum outside limit. If additional funds are required, further resolutions can be passed authorizing additional funds.

The team found that all of the contracts followed a similar format and included key components in contracting. The contracts included specific information concerning:

- the services expected from the vendor;
- a non-performance component and a relief mechanism;
- a schedule of payments by the borough;
- specific time spans and expected deadlines;
- insurance requirements; and
- hold harmless provision.

This uniform and thorough format helps to make the contracting and legal review process more efficient and protects the borough from unnecessary liability. In addition, it minimizes litigation from contract disputes.

The team commends the borough for its uniform contracting format, which maintains administrative efficiency.

The team found only two contracts (engineering and legal services) that should have had the “not-to-exceed” clause.

Recommendation:

The borough should include a “not-to-exceed” clause in its professional service agreements and contracts when total costs cannot be reasonably estimated.

FINANCE

Overall Financial Condition

The borough has one of the strongest financial positions among the states 566 municipalities. The State of New Jersey’s Office of State Planning uses a combination of indicators (fiscal, economic, infrastructure, and social) to array each of the state’s 566 municipalities in terms of needs. This is done for the purpose of allocating “need based” funds. The most recent list (August, 1997) places Bernardsville in the top 6% of the 567 municipalities with the least need.

The indicators that relate directly to the borough’s financial strength are per capita income, per capita value of property, and the local tax rate. As noted earlier, of the 21 municipalities within Somerset County (the wealthiest county), the borough has the second highest per capita income of \$86,179.

In terms of per capita value of property, New Jersey municipal government generally relies heavily on property values to fund municipal government services. For example, in Bernardsville 68.4% of its revenues come from property taxes. Obviously having high or growing property values provides a more solid revenue base than low or diminishing property values.

In 1999, the net valuation taxable of the borough was \$1.2 billion. With this large tax base a one tax-point increase in the municipal tax rate brings in a large increase (\$122,916) of additional revenue. Residential properties represent 84.2% of this \$1.2 billion valuation.

Of the 21 municipalities in Somerset County, Bernardsville has the second highest average residential value at \$459,955. These values have increased significantly. Over the past five years (1995-1999), the residential portion of assessed value has grown at an average rate of 5.9% (Appendix 1). In 1999 alone, the growth was 9.0%. This growth continued at an even higher pace in 2000. In 2000, Somerset County’s median sale price increased 18.6% from 1999, the third highest in the state.

In addition to having a strong revenue base, the borough has worked to keep expenses growing at a moderate level. From 1995-1999, general appropriations (without reserves) have grown at an

average annual rate of 4.5% (after adjusting for one-time library and recreation expenses) (Appendix 1, Column Y). Without these adjustments growth would appear lower at 4.0% (Appendix 2, Column Y).

The overall growth in property values, plus limited expense growth, has helped the borough in terms of the last indicator reflecting financial health, the tax rate. The borough was able to lower the tax rate in three of the last four years. From 1995-1999, the borough's local tax rate decreased by an average annual amount of -1.2%. In 1999, the borough's municipal and total equalized tax rates are 27.7% and 25.0%, respectively, below the averages for Somerset County.

Comparison of Borough Efficiency

The team also compared Bernardsville to all Somerset County towns in terms of overall efficiency. The team used cost per capita of municipal government that is available from the 2000 NJ Legislative District Data Book. This data is a rough indicator of efficiency because it includes all of the revenue raised by each borough (including surplus, miscellaneous and open space revenue). This is problematic because some boroughs may choose not to spend money on open space and would appear to be more efficient. And, some boroughs may raise more tax money to carry larger surpluses and appear to be less efficient. In addition, the cost per capita measure does not address whether each municipality provides similar services or similar quality of service. To address this last point the team called the comparable municipalities to ensure that roughly similar services were provided.

Although the data on per capita cost is a rough indicator, it provides useful comparison information. The team arrayed the Somerset County towns according to population, geographic size, and average residential value to identify any associations with cost per capita. For example, were towns with a larger population more efficient (i.e., cost per capita was lower) than those with a smaller population? The team found that the average residential value is most closely associated with cost per capita; i.e., the cost per capita increases as residential values increase. This could be because they have more money for open space, and may carry larger surplus balances. Three groupings were developed for the purpose of comparing Bernardsville with Somerset County towns of similar wealth (Appendix 3).

The team contacted the six municipalities in Group III to ensure that they were similar to Bernardsville in that they did not pay for trash pickup, a major costs item. The one town that did (Peapack-Gladstone) was eliminated from the comparison (Appendix 4). The data indicates that Bernardsville's \$1,222 cost per capita is 3.8% below the \$1,271 average of Group III. If Bernardsville's costs were the same as the average of the comparable towns, its costs would be \$312,000 or 2.5 tax points higher. The data suggests that Bernardsville is significantly more efficient than the comparable towns reviewed.

Detailed Analysis of Revenue and Expenses

The borough spends about \$6.9 million per year (Appendix 1). The major portion of these costs is salaries (38.1% of total costs), followed by OE (31.7%), debt service (21.1%), capital improvements (4.7%), and pension, social security costs and unemployment insurance (4.0%).

The most unusual growth in costs has been in capital improvements. Appendix 2 shows costs without any adjustments for the one-time costs for the library and recreation. This data indicates that capital costs grew at an annual average rate of 62.3% from 1995-1999 (Column Y). This growth was due to the \$973,000 spent for part of the construction of the Bernardsville Library over the five-year period. These expenditures represented 41.9% of the \$2.3 million total expenditures on capital improvements between 1995 and 1999.

In terms of revenues, as noted previously, property taxes represent the major portion of these revenues at 68.4% of total revenue. The next highest revenue source is local non-tax revenue at 16.8%. This includes fees and permits, court fines, and sewer utility revenue for debt service. Next is other tax revenue at 13.8% of total revenue. This includes state property tax relief and delinquent taxes. Non-budget revenue accounts for only 1.7% of total revenue.

From 1995-1999, unusually strong revenue growth occurred in three areas. Average annual increase in fees and permits from the construction code office, the clerk's, and interest on investments have been 18.2%, 15.9% and 24%, respectively. The revenue increases for the construction code office are mostly due to the construction of larger houses. Increases in the clerk's office are due mostly to fee increases. Increases in the interest earned are due to improved rates received on the borough's cash balances.

Surplus Analysis

The team also examined the borough's surplus amounts from 1995-1999. Surplus is the amount that is left over at the end of the year that is unallocated. Its purpose is to fund emergency expenses that could not be reasonably anticipated. As with revenue and expense estimates, it is important that the amount of surplus be adequate to cover emergencies, but not too large, resulting in raising unnecessary taxes.

The borough's average surplus amount over the five-year period is 22.9% of its total general appropriation (see table below which is based on Appendix 2). It is important to note that the surplus amounts shown below are actual amounts. These are significantly higher than the estimated surplus amounts shown in the borough's annual budget documents (sheet 38 or 39).

	1995	1996	1997	1998	1999	Avg. Surplus
Total Realized Rev.	\$8,764,514	\$9,646,858	\$9,416,048	\$11,116,876	\$10,414,239	
Total General App.	\$7,322,191	\$7,928,322	\$7,620,994	\$8,811,759	\$8,429,110	
Annual Oper. Surplus	\$1,442,324	\$1,718,539	\$1,795,057	\$2,305,119	\$1,985,132	
Surplus % of App.	19.7%	21.7%	23.6%	26.2%	23.6%	22.9%
Surplus If Set At 15%	\$1,098,329	\$1,189,248	\$1,143,149	\$1,321,764	\$1,264,367	
Amt. Surplus Lower	\$343,995	\$529,291	\$651,908	\$983,355	\$720,766	

The amount of surplus seemed high to the team. There is not one standard of what amount of surplus is appropriate. The amount depends on many factors, including the quality of a borough's budget estimates, the age and condition of its buildings, and whether it adheres to a replacement schedule for aging equipment. As noted above and elsewhere, these operate at generally acceptable levels. A major municipal bonding company contacted by the team considers a 15% surplus to be "healthy."

The team determined that the borough sets the surplus amount based on about 8% of the total expenses incurred by the borough, including the funds going to the county and school (see table below). This tends to overstate surplus for two reasons. First, the county and the school district put aside surplus funds in their budgets for emergencies. In effect, the borough is double counting surplus. Second, the borough is responsible for covering emergencies in its \$8 million budget which is much less than the \$23 million total budget of the borough, county and schools. Using a percent of the larger budget tends to increase the surplus amount significantly.

	1995	1996	1997	1998	1999
Total Revenue A1	\$21,389,282	\$23,264,010	\$22,977,236	\$24,849,644	\$25,392,302
Total Expenses A1	\$19,799,373	\$21,452,036	\$21,282,595	\$22,930,408	\$23,447,264
Total Surplus	\$1,589,909	\$1,811,974	\$1,694,641	\$1,919,236	\$1,945,038
Total Surplus As % of Expenses	8.0%	8.4%	8.0%	8.4%	8.3%

The team compared the borough's surplus amount to all of the towns in Somerset County with similar total budget amounts (see table below). If Bernardsville's surplus was the 15.5% average of the towns in Somerset County with similar sized budgets, the borough's surplus would be \$1,383,328 rather than the \$1,872,155. This is \$488,827 less than it actually was.

Municipalities Arrayed By Total Budget Amount	1999 Total Mun. Budget	Total Surplus	Surplus Percent	Avg. Resid. Value
Somerville Borough	\$10,982,878	\$977,000	8.9%	\$147,037
Branchburg Township	\$10,729,860	\$2,952,500	27.5%	\$240,970
Warren Township	\$10,036,146	\$1,217,500	12.1%	\$357,357
Bernardsville Borough	\$8,907,057	\$1,872,155	21.0%	\$459,955
Watchung Borough	\$8,421,729	\$1,160,000	13.8%	\$444,098
Manville Borough	\$7,857,365	\$475,000	6.0%	\$137,162
Bedminster Township	\$7,438,620	\$1,846,379	24.8%	\$198,042
Avg. Surplus With Bernardsville			16.3%	
Avg. Surplus W/Out Bernardsville			15.5%	

The team's analysis of the borough's surplus suggests that the amount could be reduced, yet still provide a prudent amount for emergencies. The team identified a reasonable surplus amount using two methods. One is a 15% of total expenses and the other was a comparison to the towns in Somerset County with similar sized budgets. The amount of excess surplus ranges from \$720,766 to \$488,827. To be conservative, the team believes that surplus could be reduced by the lower amount of \$488,827.

This money could be used to lower taxes or to fund some of the one-time improvements noted throughout this report. By the time this report is published, the current surplus amount may change and the numbers would need to be adjusted accordingly.

Recommendation:

The borough should consider reducing its surplus by \$488,827. The team's analysis of surplus suggests that the current 22.9% of total appropriations or roughly \$2.0 million is

somewhat excessive. The team used a 15% standard and a comparison to boroughs with similar sized budgets to suggest that, conservatively, the surplus could be reduced by \$488,827 and still leave a prudent amount for emergencies.

One-time Revenue Enhancement: \$488,827

Audit Analysis

Review of Audits

The team reviewed five years of audits (1995-1999) to determine whether or not there were reportable conditions, material weaknesses, or instances of noncompliance related to financial statements. The team also reviewed whether or not recommended improvements in these conditions or other recommendations was corrected in the subsequent year.

The review indicates that there were no findings in the audits and therefore no recommendations to implement. There were also no management letters in the period reviewed.

The team commends the borough for consistently operating without any significant weaknesses in its financial operations or financial reporting.

Purchasing Auditing Services

The borough spends about \$24,000 per year to complete its annual audit, as required by law. The borough's auditor has been with the borough for about 11 years. During this period, the borough has not received formal proposals from other auditing firms to complete this work. The borough believes that costs are reasonable by informally comparing costs with other nearby borough administrators who use the same auditor.

The team values continuity of service, but believes that periodically receiving proposals from other auditing firms will provide evidence either that the current firm is providing quality service and a reasonable price or not. In addition, hearing from other firms may help to make the borough aware of new accounting or bookkeeping approaches or services that the current firm may not be using or recommending. As discussed in the technology section of this report, there may be opportunities for the borough to increase the use automated systems in its accounting and bookkeeping functions.

Recommendation:

The borough should periodically receive formal proposals from several auditing firms to complete the borough's auditing requirements. This may result in lower cost or more efficient operations.

During the review of auditing expenditures, the team found a small amount of auditing cost for the sewer utility (about \$3,000) incorrectly allocated to the current fund rather than to the sewer utility fund. It is important for the utility's costs to be borne by the ratepayers through sewer charges, rather than the general taxpayer.

Recommendation:

The borough should ensure all sewer utility costs are properly allocated to the sewer utility.

CASH MANAGEMENT

Introduction

This section analyzes the borough's management of its cash balances. Specifically, the team determines whether Bernardsville obtains competitive interest rates from banks and operates efficiently e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis of Bernardsville's cash balances is based on discussions with the borough BA/CFO, and his two part-time assistants who assist in managing the borough's cash. In addition, we completed a detailed analysis of twelve monthly bank statements for each account to identify average daily balance, fees charged, interest paid, if any, and the interest rate. All our data is for calendar year 1999, except for the current account. In this account, the borough reduced the balance in 2000 so the team analyzed both 1999 and 2000 statements.

The team determined whether the borough could obtain higher interest rates from its bank by comparing its bank's rates to the New Jersey Cash Management Fund (NJCMF). Unlike banks, this fund does not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds, therefore, earn interest on their total balance. We made the following adjustments in order to make a fair comparison between the rates paid by this fund and bank rates. First, we exclude from our analysis that portion of the bank account balance that is used to pay for its fees. Second, we reduce the remaining balance by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and, hence, there is no offsetting balance, and they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts we estimated fees based on our experience with banks statewide and we reduced the remaining balance by 10% to account for the mandated reserve requirement.

Analysis

In 1999, the borough's average cash balances totaled \$7.5 million and it received approximately \$282,030 in interest earnings. The interest earned from its main bank can be improved. The borough received \$19,619 in interest in 1999 for an overall interest rate of 1% from its main bank. The borough receives about 5% interest on its CDs and from the NJCMF and from 3% to 5% interest from two banks where the borough maintains smaller accounts. These are generally good rates given the activity and the balances in these accounts. LGBR supports the idea of using more than one bank because this helps to foster ongoing competition, and dealing with more than one bank helps to keep the borough quickly informed of new developments and products in the banking world.

It has been roughly six years since the borough received competitive proposals from banks for its banking business. This lack of recent competition for the borough's main banking business helps to explain its relatively poor interest rate. Competition would improve this rate, particularly if the borough provided a uniform proposal format and received these proposals at the same time. This would both simplify review of these proposals and lead to significantly higher rates.

Recommendation:

In order to improve its interest earnings the borough needs to obtain more frequent competitive proposals for its main banking business. In order to do this effectively the borough should provide a uniform proposal format and receive proposals from competing banks at the same time.

The borough maintains approximately \$1.8 million, or 77% of its balances, in its main bank in about 16 separate accounts that are not grouped together. Grouping accounts would enable the borough to receive a higher interest rate than it currently receives, because investable balances would be higher. In addition, the bank would provide a summary statement covering all of these accounts. This statement is called an account analysis and shows cash balances, bank service charges, and the balances required to pay for these charges. The bank statements currently received by the borough do not show bank charges. It is important for the borough to receive such statements to know what the bank is charging and to ensure that agreed upon charges and interest earnings occurred.

Recommendation:

The borough should enhance its management of its cash balances in its main bank by grouping accounts together, receiving a monthly account analysis and reviewing it for proper service charges and interest earnings.

A review of bank charges indicates that the main bank charged the borough \$288 for nine returned checks at \$32 each. The bank charges the borough indirectly for this by reducing the borough's balance that it will receive interest on. Therefore, the borough receives \$288 less in interest. This is another advantage of reviewing the account analysis each month. The borough should charge these citizens at least the cost incurred by the borough, not to mention the increased administrative costs involved.

Recommendation:

The borough should implement charges to citizens whose checks are returned by the bank. This will probably require an ordinance to be enacted. The cost savings to the borough will be approximately \$288.

Cost Savings: \$288

The borough could increase its interest earnings from its main bank by approximately \$23,483 by obtaining competition from banks. This competition would be enhanced if the borough

would move its escrow account to its main bank. The escrow account has a large average daily balance of \$486,812. Even though the interest on this account is divided between the borough and developers, the overall balances would be higher thereby increasing the desire of banks to obtain the boroughs main banking business.

Recommendations:

The borough should obtain competitive proposals for its main banking business as soon as possible. This competition would increase annual interest earnings by \$23,483. The borough should include its escrow account as part of its main banking business. This will increase competition and could lead to possibly higher increases in interest earnings.

Revenue Enhancement: \$23,483

PURCHASING

The team reviewed the borough's purchasing operation including manuals, types of purchases completed and overall procedures. The borough spends about \$2.2 million on OE (non-salary) expenses. Examples include police cars, road work, engineering and legal services, gasoline, and equipment. The borough does not have a certified purchasing officer. This would provide advantages to the borough through increased knowledge of purchasing and increased limits on purchasing authorization, improving efficiency. For example, the bid threshold increases from \$17,500 to \$25,000 if a qualified purchasing agent is appointed. The borough is planning to send one individual for certification.

Recommendation:

The borough should expedite its effort to have a current employee certified in purchasing.

The borough has one of the most comprehensive purchasing manuals ever seen by the team. It includes detailed procedures, sample forms, legal citations, emergency procedures, fixed asset disposition, and a glossary among other things. However, the manual should be updated with new purchasing authorization amounts.

Recommendation:

The borough should update its purchasing manual to reflect revised purchasing limits and other changes.

The borough processes about 2,500 purchase orders (POs) each year. The borough uses both centralized and decentralized procedures. Each department tends to identify its needs and may contact vendors to obtain quotes. The process to purchase the items, however, occurs centrally. The finance office receives requisitions and checks several items including availability of funds,

existence of a state contract, if the bid threshold is met, etc. After this review, the borough administrator/CFO signs off on all purchases. Prior to paying vendors, the finance office waits for a signoff from the department head that the items were received.

The borough maintains close internal control over purchasing. For example, although the borough is authorized to purchase up to \$2,625 without a quote, the borough obtains quotes on any purchases exceeding \$1,000.

The borough uses several approaches in purchasing items or services at the lowest possible cost. One method is the use of state contracts. Some of the contracts include police cars, office supplies, mobile radios, computers, and car light bars.

The borough also purchases items through the bid process including:

- pool opening and closing;
- tree pruning and removal;
- micro-surfacing of roadways;
- bituminous concrete supply;
- gasoline;
- garbage removal and disposal (for borough buildings only);
- sludge removal; and
- various road improvements including Seny Drive improvement, spring roadside cleanup, sidewalk and curb replacement, and Dayton Crescent improvement.

The borough also obtains telephone quotations for items such as vehicle parts, small furniture, recreation chemicals for the pool, and bus transportation for the recreation department.

The borough purchases jointly with other government entities. It has an inter-local service agreement with the Township of Bernards for public health services. In addition, it purchases cooperatively with the Somerset and Morris Counties Co-op Purchasing Programs.

The team's review of the borough's purchasing function indicates that it operates reasonably efficiently, with sound procedures, and operates to obtain the best value for the taxpayer.

TAX COLLECTION

The tax collection office is opened Monday through Friday from 8:30 a.m. until 4:30 p.m. The certified tax collector works full-time and is assisted by an individual who works sixteen hours per week. This is equivalent to 1.46 FTE. The tax collector has worked in the borough for about 16 years. She began as a clerical person in the engineering department. Management encouraged her to become a certified tax collector after the prior collector left the borough.

The team commends borough management for providing opportunities to employees to develop their skills and to contribute more to the borough and its citizens.

Although the tax office is staffed with 1.46 FTE, the office also mails out sewer bills, collects sewer revenue and the clerical person serves as an assistant court clerk once a week during court. The tax collector estimates that sewer work takes about .44 FTE (30% of the office's time) and the court work takes about 0.11 of an FTE. The net time doing tax work is .91 FTE as shown below:

Tax Collection Staffing and Operating Costs 1999

	Staff Allocation (FTEs)	Tax Collection Position Costs
Tax Collector	0.70	\$38,876
Clerical Assistant	0.21	\$12,536
Total Staff Cost	0.91	\$51,412
Operating Costs		\$5,840
Total Costs		\$57,252

The 1999 audit figures for the tax collector did not break out the costs for doing sewer utility work. This cost would be approximately \$19,000, based on 30% of the tax office's time. It is important for the borough to properly allocate sewer utility cost to ratepayers rather than the general taxpayer. This is because the tax burden is based on usage i.e., those who use less, pay less and vice versa.

Recommendation:

The borough should identify that portion of the tax collector's costs that is associated with the sewer utility and allocate this cost to the utility. This cost should be borne by ratepayers, not the general taxpayer. The team estimates this cost is approximately \$19,000.

There are 2,863 tax lines (excluding 83 exempt and one utility) in Bernardsville. Using a benchmark established from prior Local Government Budget Review reports, an efficient staff to tax line ratio is about 3,000 tax lines per staff person. This indicates that Bernardsville's tax collection function is efficiently staffed.

The borough's tax collection rate is outstanding. Over the past five years (1995-1999), the rate has increased steadily from a low of 98.08% in 1995 to a high of 99.05% in 1999. The average over this period is 98.54%. LGBR's collection rate benchmark is about 95%, depending on selected circumstances. These outstanding rates reflect the concerted efforts of the tax collector since she began in 1987. For example, in 1988 the collection rate was 97.69% and the delinquent taxes represented 2.5% of the total taxes collected. In 1999, the collection rate (as noted) was 99.05% and the delinquent tax rate was 0.9%. The tax collector helps to achieve these rates by sending late notices 10 days after each quarter for payments still outstanding. At the fourth quarter, notification is sent indicating there will be a tax lien sale. She also makes follow-up phone calls when necessary. The borough has an annual tax sale.

The team commends the tax collector for her dedication and achieving an outstanding collection rate.

TAX ASSESSMENT

The team usually focuses on the year 1999; however, the team included 2000 in its review because assessing staff increased significantly that year. In 1999, the borough employed a part-time (20 hours per week) assessor and five part-time staff, including clerical, for a total staffing equal to 1.6 FTEs. Total expenditures were \$75,625. Of this amount, \$73,524 or 97.2%, was for salaries and \$2,101 was for O/E. In 2000, staffing increased to 2.4 FTEs, or 50.0%, and expenditures increased to \$98,388, or 30.1%.

Office hours are Monday through Friday from 8:30 a.m. to 4:30 p.m. No evening hours are offered. The tax assessor has been employed by the borough since 1994 and is certified by the State of New Jersey. In addition to her part-time work in Bernardsville, the assessor holds a full-time and two part-time assessing positions in neighboring towns.

The International Association of Assessing Officers (IAAO) identified staffing standards based on the number of tax line items listed in a community. For Bernardsville, with 2,864 line items, the IAAO recommends roughly .7 FTE, for the assessor compared to Bernardsville's .6 FTE (close to the standard). The IAAO recommends .5 FTE for other assessing staff compared to Bernardsville's 1.8 (more than three times the standard).

The team discussed this situation with the assessor and local and state assessing experts and believes that the assessing function is appropriately staffed, given the unique characteristics of Bernardsville and the borough's operating decisions that increased staffing needs. In terms of unique characteristics, the average home in Bernardsville tends to be much larger than the average home in the state or even Somerset County. About 10% of the homes in Bernardsville are 7,000 square feet or larger including 25 which are more than 10,000 square feet. Because statewide square footage was not available, the team used the value of the average home as a rough indicator of square footage. In Bernardsville, the average home value is \$460,000. This compares to \$193,000 for the state and \$254,000 for Somerset County. It takes much longer to inspect these larger homes. In addition, the homes in Bernardsville tend to be custom designs rather than part of a large development. Staff, therefore, must inspect each house and each one tends to be unique. One assessment, therefore, cannot serve as a model for the remaining homes in the development.

In terms of operating decisions that increase staffing needs, the borough made two decisions that increased staffing needs. First, in 2000, the borough committed to a stronger four-year maintenance program. This commitment requires quality inspections of 25% of its properties each year. This commitment resulted from the borough's desire to avoid a major re-evaluation and to prevent future litigation regarding its program. The second decision is the borough's policy not to hire outside consultants to do assessing work, including state tax appeals. Instead, this work is done internally. This work includes comprehensive assessments of all commercial properties. Commercial assessments involve analyzing cost, income, and sales and gathering data from brokers and owners. The staff analyzes the capitalization rate using both "mortgage loan-to-value" and "equity" approaches while developing vacancy and usage rates. If owners of commercial property have any questions, staff meets with them to explain how the assessed value was determined.

One indicator of the quality of the assessing function is the number of appeals. Commercial appeals can cost as much \$10,000 to \$15,000 for the appraiser costs only. The team compared the number of tax appeals in Bernardsville to the three boroughs in Somerset County that had similar home values and a roughly similar number of tax lines. The comparison indicates that in 1999 Bernardsville had 28 appeals, or 40% less than the comparison boroughs. In addition, in 2000, the borough had only eight appeals and as of March, 2001, they had none. The team believes that the unique characteristics of Bernardsville, the completion of all work including commercial by internal staff, and the exceptionally low number of appeals indicate that the assessing function is appropriately staffed.

Property Valuation

In 1999, the borough had 2,864 tax line items and a net valuation taxable of \$1,229,163,211. In 1999, while Somerset County's equalized ratio for Bernardsville was 104.41%, the average for Somerset County was 96.45. Although in 1999 the general coefficient for Bernardsville was 8.09, it improved significantly in 2000 to 5.67.

The following is the borough's 1999 net valuation and how this is distributed among the different ratable classes:

Type	Value	Percent of Total
Vacant Land	\$33,068,200	2.7%
Residential	\$1,034,877,800	84.2%
Farm Regular	\$51,657,700	4.2%
Farm Qualified	\$662,896	0.1%
Commercial	\$91,307,400	7.4%
Industrial	\$5,509,800	0.4%
Apartment	\$4,624,800	0.4%
Communication Equip	\$7,454,615	0.6%
Total Ratables (net val. Tax)	\$1,229,163,211	100.0%

The borough has 83 exempt properties. These include schools, public areas, churches and miscellaneous properties. The total assessed value of these properties is \$78,181,000.

Overall, the assessor's office seems well run and is efficiently staffed to meet the needs of the borough.

POLICE

The size of a police force in a community is determined by a number of factors, including the level of tolerance for criminal activities, officer safety, and the willingness of the community to finance and support police services. LGBR reviews police departments to ensure that each force has adequate manpower allocated to the patrol force and support units. The team interviewed numerous employees and elected officials, toured police facilities, inspected patrol vehicles, accompanied police officers on patrol and monitored communications. We found the department professional and community oriented.

Salaries and Expenditures

Police and dispatch operations represent the largest proportion of the borough's budget. According to 1999 records, the borough spent \$2,110,512 for police salaries, wages and benefits. Operating expenditures totaled \$94,918. From 1997 through 2000, the department averaged 7,201 calls for service with 70% of the calls for service occurring during the day shift (7 a.m. – 7 p.m.). Appendix 5 provides detailed activity from 1997 to 2000.

The New Jersey State Police compile and issue the Uniform Crime Report of crime statistics in New Jersey. In 1999, Bernardsville crimes per 1,000-population were 10.3, a decline from the 1998 rate of 13.3. The borough reported two violent crimes resulting in a .3 violent crime rate per 1,000-population. Non-violent crimes totaled 71 with 11 burglaries, 59 larcenies and one motor vehicle theft. Bernardsville reported 39 cases of domestic violence. The following table compares Bernardsville to nearby municipalities.

1999 New Jersey Uniformed Crime Report

Borough/Twp	Crime Index *	Crime Rate per 1,000	Square Miles	County
Bernardsville	73	10.3	12.8	Somerset
Boonton Twp.	41	10.2	8.2	Morris
Chester Twp.	58	8.3	28.9	Morris
Bedminster	75	8.6	26.7	Somerset
Mendham Twp.	35	6.7	17.6	Morris

Somerset County Crime Rate per 1,000 = 20.1
Morris County Crime Rate per 1,000 = 17.3
*Crime Index = The total of the seven major offenses – Murder, rape, robbery, aggravated assault, burglary, larceny-theft and motor vehicle theft. It is used to measure the extent, fluctuation and distribution of crime in a geographical area.

Organization

In accordance with N.J.S.A. 40A:14-118, borough ordinance 2000-#1304 establishes a department of 18 sworn officers; 10 patrol officers, five sergeants, two lieutenants, and a chief. The department is structured into three divisions - Operations, Patrol and Investigations (see Appendix 6). The operations and patrol divisions are each headed by a lieutenant and a detective sergeant heads the investigations division. The department uses a four-squad, 12-hour rotational work shift that changes every three days and begins at 7 a.m. Each squad is staffed with a sergeant, two patrol officers, and a dispatcher. Officers are scheduled to work 2,190 hours a year, 110 hours over the 2,080 hours limit defined in the Fair Labor Standards Act. Instead of working these 110 hours, officers receive time off using base compensatory time.

Proposed Organization

Based upon our review, LGBR proposes a minor reorganization of the police department using a two divisional structure – operations and administration (Appendix 7). Under the reorganization, the investigation and patrol divisions would be placed under the operations lieutenant. A sergeant, instead of a lieutenant, becomes the supervisor of the administration division. With the elimination of a lieutenant position through attrition and the addition of an administrative sergeant, the borough achieves a savings of \$8,140.

Policies and Procedures

The team requested the department's rules and regulations and policies that establish guidelines for officer performance. The department provided a list of officer responsibilities and a draft of rules and regulations. The recently appointed chief acknowledged that while the department did not have updated policies, both he and the operations lieutenant were in the process of overhauling all manuals.

Work Load

Bernardsville Borough's department has four squads on 12-hour rotational shifts to meet the two-officer minimum-staffing requirement. Two officers plus a squad commander actually results in the two-officer minimum when factoring in time off. The department established two patrol zones, one officer for each zone, with the shift commander providing back up as needed. During the summer months, the department incorporates a walking beat and bike patrol on the day shift.

The team observed officers returning to the station 30 – 45 minutes prior to the end of the shift to fuel vehicles and complete administrative work. Similarly, officers starting their shift spend a similar amount of time reviewing prior shift's operational reports and performing pre-tour inspections. As a result, the borough does not have patrol vehicles for up to a 90-minute period during a shift change. This creates potential public safety and security issues.

The team believes that changing the start time of one officer on each squad by one hour, would result in one vehicle patrolling during shift changes. This improves safety and security and may result in some revenue enhancements.

Recommendation:

Because each tour reports to headquarters 30 – 45 minutes prior to the end of the shift and the next shift is delayed 30 – 45 minutes before beginning patrol, the department can have up to a 90 minute gap in patrolling. It is, therefore, recommended the department adjust the starting time for one officer on each tour, to improve safety and security and, perhaps, increase revenue.

The department cycles patrol officers from day to night every two to three days. While the team recognizes the department's managerial prerogative to set schedules and rotations, the existing rotation increases liability and officer stress. The team believes that rotating from day to night shift every three days creates additional stress on the officers. The borough should switch the day/night rotation to a 30-day cycle; however, due to the decline in calls for service after 11 p.m. the team finds a two-week rotation reasonable.

Recommendation:

The team recognizes the borough's desire to maintain 12-hour shifts; nevertheless, it is recommended the department rotate day/night schedules to either a 14-day or 30-day cycle instead of the existing two – three day cycle.

Community Policing

The department strives to maintain good community relations. In addition to the DARE program, a school resource officer, bike patrol, and police explorers, the department provides a property check and business directory service.

Vacationing residents may request a property check from the police. Prior to departure, residents request the service through the administrative operations lieutenant. The lieutenant records the request dates, emergency contact number and submits the information to the patrol division. While the resident is on vacation, the patrol lieutenant has each shift perform a perimeter check of the property. Patrol officers check doors and visually inspect windows for signs of forced entry or other illegal activity on the property. From 1998 – 2000, the department averaged 5,759 property checks or 7.8 houses per day.

While on summer foot patrols, officers visit borough businesses in an attempt to create a data file that includes emergency contacts and phone numbers. The officers also inform business owners of the department's telephone numbers. The team supports the program. However, the police department reported that businesses often choose not to participate. The team discusses this issue in the clerk's section of this report.

The team commends the police department for its community policing programs.

Mobile Data Terminals

The borough has mobile data terminals (MDT) installed in three patrol vehicles. The department uses these to make vehicle inquiries over a cellular communication system. Currently, dispatchers' type a summary incident narrative into the caller assisted distribution system (CAD). Officers review and approve these narratives at the end of each tour. Any incidents of a serious or lengthy nature require the officer to generate a written report. The secretary or the records management clerk then retypes this report into the records system. The team finds this to be inefficient since most MDT systems include full report writing with automatic transfer to record management through the cellular connection. MDTs with a cellular connection increase productivity, as officers no longer need to return to their station to complete reports.

According to police interviews, approximately three hours a day (1,095 hours per year) are lost on officers returning to headquarters to write reports. This amounts to an estimated productivity loss of \$40,000. After reviewing the existing software and records management program and consulting with the manufacturer, the team determined that an upgrade to the system is available and will allow full MDT utilization at a cost of \$28,080.

Recommendation:

The borough should upgrade the existing police MDT software package to allow report writing with cellular submission. This will cost \$28,080, but this will increase productivity by \$40,000 and increase police presence in the community.

Productivity Enhancement: \$40,000
One-time Value Added Expense: \$28,080

Detective Bureau

Two detectives staff the detective bureau. Like most small boroughs, the detective bureau performs additional responsibilities beyond the traditional criminal investigations. The list of activities is as follows:

- processes firearm applications;
- takes finger prints;
- maintains evidence and property;
- processes photos;
- investigates internal affairs issues, backgrounds of new hires, and domestic violence cases;
- completes liquor license inspections;
- coordinates inter-local law enforcement grants with Bedminster, Far Hills and Bernards Townships;
- maintains Megan's Law registrations; and
- serves as school liaison.

In addition, the junior detective serves as the juvenile officer, functions as DARE officer, community relations officer, and spends two – three days a week during the summer as bike patrol officer. Both detectives also transfer to patrol as needed.

The team normally uses bureau statistics to determine appropriate staffing and work flow. However, at the time of the review, the department did not require the bureau to track daily activity. As a result, the team could not analyze appropriate staffing.

Recommendation:

The detective bureau should obtain a case management software package to assist tracking and managing activity.

Both detectives work eight-hour days, usually 9-5 Monday through Friday. Since many detective activities occur during early evening hours, this method of scheduling contributes to compensatory time and overtime costs. On occasion, the detectives will flex their schedules to meet the demands of the job. This has helped to reduce overtime and compensatory time. However, evening interviews and weekend hours still lead to approximately 180 hours of yearly OT (15 hours/month) totaling \$11,000, and 72 hours of annual compensatory time (six hours/month). If the bureau were to switch to an overlapping 10-hour/four day workweek (i.e., 8 a.m. – 6 p.m. and 10 a.m. – 8 p.m.), the team believes that the department could reduce overtime to five hours per month for saving \$7,200 in OT cost. Both detectives reported that not all overtime/compensatory hours are reported, resulting in conservative LGBR savings.

Recommendation:

The police department should consider implementing 10-hour/four-day workweek in the detective bureau resulting in \$7,200 in overtime savings.

Cost Savings: \$7,200

Communications/Dispatching

The borough operates and staffs its own communication/dispatching center. The mountainous terrain often creates communication problems for the police radios. In several areas, especially on the mountain, the dispatch center and patrol cars cannot communicate. In order to minimize communication loss, the borough uses a low-band radio frequency. This is better for these conditions than the ultra-high band frequencies used by most police departments. During the review, the borough was upgrading the communication system at a total cost of \$93,916.

Dispatchers record department activity on a computer-aided distribution (CAD) system. Each time the police department receives a call for service, a dispatcher opens a “blotter” on the system and records all events including start and completion times, and disposition. At the conclusion of the shift, officers review and approve the entries. With the final approval of the operational lieutenant, the record clerk uploads the information to the records management system. If an officer issues a ticket, the record clerk manually enters the information.

The borough receives approximately 360 calls annually for 911 emergencies. Under the new state guidelines, during an actual 911 emergency the dispatcher must remain in contact with the caller at all times. Furthermore, 911 service requires additional training that the borough would have to provide to both the dispatchers and officers because the officers often perform dispatching functions when the dispatchers are unavailable. At the time of the review, the borough was in the process of transferring 911 service to the county. In order for the county to provide 911 service, it will use an existing communications line from the county dispatch to borough hall. This will allow the county to dispatch over Bernardsville’s low band radio frequency.

Salaries and Expenditures

In 1999, the borough employed eight civilians to provide 24-hour dispatching, with each squad assigned one dispatcher. The remaining four dispatchers worked part-time. Salary and OT costs totaled \$202,566, and office supplies totaled \$2,100. Dispatchers also staff the receptionist desk and handle incoming phone calls. If a dispatcher is unavailable, police sometimes provide dispatching service. This usually requires police to be paid OT or to receive compensatory time. In 1999, the total cost for OT and compensatory time for this service was \$33,750.

Instead of the borough providing its own dispatching services, a significantly less costly and effective alternative exists. Somerset County made a major commitment to countywide dispatching. The county constructed a new dispatch center that provides full dispatching services to municipalities within its borders. In addition, the team found that the county prosecutor’s office was in the process of using seizure funds to provide technology upgrades, specifically, mobile data terminals, to participating police departments. The team (including a retired police officer) toured the county dispatch facility and was impressed with its operation, equipment, training, and two sources of emergency backup electrical supply. The county informed the team they add staff, as necessary, to meet their mandate to provide quality service to all participants. In addition, Somerset County pays a significant portion of its costs through the assessment of taxes to each resident in the county. The county does not charge municipalities to provide dispatching services. In effect, the borough is paying for county dispatching whether it participates or not.

The team discussed county dispatching with borough officials and noted their concerns. One concern expressed by the police was based on their earlier experience with the county in the 1980's. The borough experienced poor county service and inadequate equipment and decided to provide their own dispatchers. The borough also had a concern about maintaining a 24-hour presence in the borough hall for emergency walk-ups. Since police clerical personnel are available during the day, the main challenge to meet this concern is to staff borough hall with police personnel for the 16 hours from 4:30 p.m. to 8:30 a.m. This can be accomplished by having a police officer patrol a section near the station house during the late evening and early morning hours. The team believes that this is feasible because calls after 11:00 p.m. drop significantly. A phone box, with video surveillance, can be installed at the entrance to the police department and be linked to the county dispatch. If a walk-up emergency occurs, an officer can be at the borough hall within minutes. Another concern was whether or not borough's automated records system could integrate with the record keeping system operated by county dispatching. The team's analysis indicates that the borough can address this issue with minimal impact on data or operations by installing a full mobile data terminal software package in the patrol cars.

The team considered whether or not Bernardsville should receive dispatching services from Somerset County or continue to provide its own service. After listening to borough concerns, interviewing the director of county dispatching, and touring the county facility, the team believes that the county offers quality-dispatching services at virtually no cost to the borough. In addition, the county prosecutor's officer provides participants with technology upgrades from drug forfeiture resources.

Recommendations:

The borough should transfer all dispatching services to the county for a saving of \$237,168 (\$201,300 in salaries, \$33,750 from police overtime and compensatory time and \$2,118 in other expenditures).

Cost Savings: \$237,168

Once the borough joins the county dispatch, it is also recommended that the borough request the county prosecutor's office to supply it with two mobile data terminals (MDT's), one for a patrol car and the other for the four wheel drive vehicle.

Municipal Court

The police and court both make a concerted effort to prevent officer overtime. The court administrator schedules officer's cases on regular duty days and recalls officers from patrol prior to the estimated scheduled time. Officers then have the opportunity to individually review and negotiate case disposition with the prosecutor. Based on team observations and interviews, officers lose two - three hours of patrol time due to the court process, for an annual productivity loss of \$11,200.

The judicial process relies on the prosecutor and the police department to plea-bargain the large majority of complaints. Instead of having the police officer come in from patrol, a court liaison officer could represent the department during the plea-bargain phase. If the case cannot be

settled, the liaison officer would then call the officer who wrote the complaint from patrol. The team feels the administrative and/or patrol lieutenant could serve in the role of court liaison officer.

Recommendation:

A court liaison officer could represent the department during the plea-bargain phase of court deliberations. This eliminates the need to call in patrol officers from patrol to attend court. The borough should appoint the administrative and/or patrol lieutenant as court liaison, for a productivity enhancement of \$11,200.

Productivity Enhancement: \$11,200

Facilities

The team expressed concern to both the police chief and borough administrator about facility conditions in the police department. Because of our initial findings, the team toured the facility with a representative from the Division of Criminal Justice. The following are some of the findings:

- The prisoner processing interview area is located between the evidence processing room and the patrol officer locker, evidence, and weapons rooms. With the exception of the evidence room, there are no locks on any of the rooms near the prisoner processing area. The team considers this a dangerous situation because firearms are stored in the patrol officer's and weapon's locker rooms, and hazardous chemicals are stored in the evidence processing room.
- The prisoner processing/integration areas do not have monitoring devices within context of wiretapping laws.
- The borough does not have separate sally port/entrances for arrested/detained individuals and employees/visitors.
- The holding cell area has heating problems and no video monitoring equipment.
- The evidence processing room does not have the required ventilation.
- The backup generator for dispatching does not always start in damp weather, nor does it supply OEM amateur radios.

These issues represent potential safety and liability issues to the borough. In consultation with the Division of Criminal Justice, the team recommends the borough immediately, and permanently, seal off the police department area from the first floor of borough hall. Employees should use the rear entrance and visitors should be rerouted to the main entrance. In addition, the borough should install video surveillance equipment in the visitor hall areas of the police department and the holding area, and cipher locks on the communication room, as well as all rooms located near the prisoner processing area. The construction of a sally port on the rear section of the building will serve as a police employee and prisoner entrance. Finally, the borough should request assistance from the Division of Criminal Justice in determining additional upgrades to the facility.

Recommendation:

The police department's facility needs significant improvements to comply with police facility standards. The borough should contact the Department of Law & Public Safety's Division of Criminal Justice and the Department of Corrections Division of Program & Community Services Bureau of County Services for assistance in reviewing facility needs and establish a budget to make improvements to the facility. Until Criminal Justice can perform a facility review, the borough should concentrate on performing the modifications noted. The team estimates a cost of \$8,500 to close off the police area, install video and audio equipment, and cipher locks on four doors.

One-time Value Added Expense: \$8,500

Crossing Guards

The department employs four part-time, and two substitute, crossing guards, 10 months a year at a cost of \$39,921. The guards work their assigned posts from 7 a.m. – 9 a.m. and 2 p.m. - 3:30 p.m. The team noted two issues regarding crossing guards. The first issue is the installation of sidewalks on Anderson Hill Road. This is discussed in the facilities section of this report. The second issue is the lack of patrolmen to cross high school students at the intersection of Anderson Hill Road and Rt. 202. This issue is discussed here.

Bernardsville hosts the Somerset Hills Regional High School. According to borough residents and the police department, approximately two to three dozen students use the local railway every morning. These students then walk to the high school by following Rt. 202 north and then cross at the main intersection of town. The team received numerous complaints regarding the crossing of the students during the morning rush hour at the town's busiest intersection. Since the entire process takes less than five minutes, the team does not recommend hiring another crossing guard, but, rather, suggests the police department assign a patrolman to the crossing duties each morning and afternoon.

Recommendation:

The borough should assign a police officer for a few minutes in the morning and in the afternoon to provide crossing coverage for high school students crossing Anderson Hill and Rt. 202.

Fleet

The department has ten vehicles in the fleet, ranging from 1992 to 2000 year models. The department replaces two vehicles each year, at an annual cost of \$50,000. The following table provides a vehicle list and designated assignment.

Bernardsville Police Department Fleet

Year	Make	Model	Location	Mileage
2000	Ford	Crown Vic	Patrol	21,214
2000	Ford	Crown Vic	Patrol	15,657
1999	Ford	Crown Vic	Patrol	31,458
1998	Ford	Crown Vic	Patrol	54,001
1998	Ford	Crown Vic	Utility	60,036
1996	Ford	Crown Vic	Chief	19,655
1994	Ford	Crown Vic	DARE	72,464
1999	Ford	Expedition	OEM	5,367
1996	Jeep	Cherokee	Detective	26,087
1992	Chev.	Caprice	Detective	47,274

The department budgets \$10,000 per year (\$1,000 per vehicle) for vehicle maintenance. However, these maintenance funds are used to pay non-maintenance costs. For example, if a police vehicle is involved in an accident, the borough takes its \$1,000 insurance deductible from this account. During the 2000-01 winter, the borough took \$2,000 from this account for two vehicles that were damaged by deer. Generally, the borough expends about \$33,634 (\$8,000 maintenance + \$13,284 mechanic salary + 12,350 fuel) on vehicle maintenance. The total annual mileage for the police fleet is about 123,500 miles. The annual maintenance cost, therefore, is about .27 cents per mile (\$33,634 divided by 123,500 mileage).

The New Jersey State Police estimate that maintenance, salary, and fuel cost for police vehicles is .29 cents per mile. If the borough spent the .29 cents per mile for maintenance, its cost would be \$35,815. This is \$2,181 more than currently expended. Interviews with police officers and the borough's maintenance mechanic lead the team to conclude that the maintenance operation is efficient. However, the team found one area where the borough should increase maintenance costs by \$2,574. This is washing police cars more frequently for the purposes of preventing corrosion and improving appearance, as discussed below.

The team commends the borough's police maintenance function for operating efficiently. The team estimates that this operation saves the borough about \$2,181 per year.

Recommendation:

The borough should create an insurance reserve account for deductible purposes. This will avoid taking maintenance funds to meet deductible purposes. The borough administrator should consult the JIF to determine an appropriate amount based on the losses of all JIF participants.

During the review, the team understands that there were two instances where patrol officers had to use privately owned four-wheeled drive vehicles to respond to emergencies on the mountain. The team believes that the geographic conditions of the mountains warrant a more diversified

fleet of sports utility vehicles (SUV) and reduced sized patrol vehicles. For example, downgrading a Ford Crown Victoria to a Chevy Impala and upgrading a Ford Crown Victoria to a Ford Explorer will provide another SUV for inclement weather without additional spending.

Recommendation:

The borough should realign its police fleet by downsizing one full size patrol vehicle and replacing another full size vehicle with a four-wheel drive sports utility vehicle.

Over the course of five months, the team generally found the cars in need of cleaning. The borough allows the officers to go to the car wash on a limited basis. The borough mechanic reported a high amount of corrosion on the vehicles undercarriages, possibly caused by the nearby stream. The team contacted fleet management experts and police consultants, who both indicated that corrosion problems are more likely to occur from winter salt and not washing the vehicles on a weekly basis. The team attempted to determine the cost of not properly maintaining the vehicles; however, limited record keeping by the DPW made this impossible.

In 1999, the police department spent approximately \$858 to wash their vehicles at a local car wash, for \$6.60 per wash with no undercarriage wash. This averages 2.5 washes per week. The team talked to the owner and found that if the borough guaranteed ten municipal vehicle washes per week, he would do the undercarriage for the same \$6.60. The total annual cost would be \$3,432 (10 washes/wk. x 52 wks. x \$6.60). This would increase annual vehicle washing cost by \$2,574. The owner indicated that he would lower the rate further if the borough prepaid for the year.

Recommendation:

In order to improve their appearance and to minimize corrosion problems, the borough should wash its vehicles more frequently, for a value-added cost of \$2,574.

Value Added Expense: \$2,574

Parking Enforcement – Train Station

The borough assigns the responsibility for parking enforcement and collections to the police department. The borough has approximately 166 parking spaces at the train station where two businesses lease space. There are four types of parking; permit, metered, two-hour parking, and 10 minute. The following table provides the distribution of parking:

Train Station Parking

Parking Type	# of Spaces
Permit	92
Meter	39
2-Hour	26
10 Minute	14
Handicap	2
Total	173

Excluding 20 spaces, all parking spots are on the same side of the train station. The remaining spots are situated on the opposite side of the station. The clerk's office issues annual parking permits in December.

The borough receives revenue from train station parking from three sources; metered parking, parking permits and parking tickets. In 2000, the borough collected \$25,173 in parking permits, \$5,807 from meters and \$9,025 in parking tickets at the station. Meters are generally emptied by the detective bureau monthly and counted by a volunteer citizen.

The team toured the train station lot and found the following:

- Fifty percent of the meters were broken or non-functional - out of 39 meters, 19 were broken, one missing and one blocked by dumpsters.
- On several occasions we found vehicles parked at expired meters without citations.
- The metered lot on the opposite side of the tracks was not paved or adequately graded for drainage.
- The DPW blocked the meters with snow during plowing operations.
- Parking fees are not aligned with regional prices.

These issues have contributed to a substantial loss of revenues. Assuming an average \$5,800 annual collection on 20 working meters (\$1 per day), the 20 meters are used 290 days each year. With 19 non-functioning meters, the borough loses approximately \$5,500 annually, not counting the potential revenue that could be brought in from ticketing overdue parking. The team believes that the borough should eliminate the meters in favor of installing a slot box with numbered spaces, similar to the Far Hills station parking operation. A \$2 per day charge is more in line with daily fees in the area. If the borough received revenue from all spaces and increased the fee to \$2 per day, revenues would increase by approximately \$16,820 (39 spaces x 290 days x \$2 minus current revenue of \$5,800).

Recommendations:

The borough should replace the meters at the train station with a slot parking system like the one used by the Far Hills Station. The borough should increase the parking fee from \$1 to \$2 per full day. Both of these changes will increase revenues approximately \$16,820.

Revenue Enhancement: \$16,820

In the downtown area, the borough provides two parking areas – the train station and the Amerman lot, a borough lot on Mt. Airy Road. The borough requires permit parking at the train station and Amerman lot and, also, offers free two-hour parking at the train station. The team noticed the existence of a fair amount of side-street parking, as well as free parking on Rt. 202. With these alternatives available, the team believes that the borough could install meters in the two hour parking area. This would cost approximately \$8,450. However, charging .25 cents an hour, with 13 hours of average usage per slot per week, the borough will increase revenues by

\$4,400. This will pay for the cost of the meters in two years. Limiting on-street parking to 15 minutes rather than the current 30 minutes to two hours will assist in increasing parking revenues.

Recommendation:

The borough should install .25 cent meter parking in the two-hour parking areas of the train station for a cost of \$8,450 and a revenue enhancement of \$4,400.

One-time Valued Added Expense: \$8,450
Revenue Enhancement: \$4,400

The police department, on average, patrols the train station once per day. The team believes that routine patrol of the lot by a parking enforcement officer would increase revenues significantly. Rather than use a patrol officer, the team believes that the animal control officer could serve in a dual role as the parking enforcement officer, because he often travels throughout the borough during his animal control work. The parking enforcement officer would empty the meters and slot boxes on a daily basis. In addition, while performing animal control duties, the animal control officer could patrol the train station and issue tickets accordingly. In 2000, the police department issued 371 tickets. Based on the team observing multiple violations daily over the term of the review and the data from police officers, the team estimates additional revenues of \$27,000.

Recommendation:

The borough should appoint the animal control officer as a community services enforcement officer and, subsequently, require daily collection and patrol of the train station area. The team believes that active parking enforcement will increase the number of citations, resulting in \$27,000 more revenue.

Revenue Enhancement: \$27,000

In 2000 (the 1999 numbers were not readily available), the borough issued approximately 165 parking permits at \$150 each and collected revenues of \$25,173. The revenue amount includes initial issue, replacements and duplicates for extra vehicles. The rate of a nearby station on the same line is currently \$180. By increasing the cost of a permit from \$150 to \$175, the borough will increase revenues by \$4,125 and still be lower than the nearby station.

Recommendation:

The borough should increase permit-parking fees to \$175 for a revenue enhancement of \$4,125.

Revenue Enhancement: \$4,125

Regional Police Department (Bernardsville, Far Hills & Peapack-Gladstone)

The team analyzed the potential for establishing a regional police department with Far Hills and Peapack-Gladstone. The borough explored consolidation with these towns in 1978 and in the early 1990s. In the past, attempts at consolidation have met fierce political resistance and the

team understands that political difficulties between these municipalities prevented an agreement. However, in addition to long standing statutes authorizing regional police departments, the state recently established new incentives for consolidating local government services. The team presents this issue with the hopes of beginning a positive dialogue among the municipalities to try to significantly lower the cost of police services while maintaining quality.

The statutes authorizing regional services and joint meetings are the Interlocal Services Act (N.J.S.A. 40:8A-1 et. seq.) and Consolidated Municipal Service Act (N.J.S.A. 40:48B-1 et. seq.). This act empowers local governments to enter into inter-local agreements or create joint authorities to promote efficiency and savings. Under a joint meeting, each municipality would appoint one representative to a board that oversees the police operations. The statute empowers the joint meeting with taxing authority.

The state recently provided local governments with specific incentives to lower the cost of government services. The Division of Community Affairs' Local Government Services' REDI and REAP program will fund approximately \$25,000 for a study of consolidating specific services. The state will fund 90% of any cost beyond \$25,000, with the municipalities paying only a 10% match. The use of an outside, nonpolitical consultant to perform an in-depth study, provides elected officials with an objective analysis and estimated savings. In addition to reducing government costs in the municipalities involved, the state provides property owners a tax credit based on the savings amount allocated among the property tax payers.

Peapack-Gladstone, Far Hills, and Bernardsville have conditions that support the creation of a regional police department. The three municipalities operate separate police departments in a 23.6 square mile area and each has a low crime rate. In addition, both Far Hills and Peapack-Gladstone provide 24 hour, seven day a week coverage, but they have only one officer on duty. The following table outlines the municipalities crime index, coverage area and police force.

Police Department	Area (Sq. Mi.)	Crime Index	Officers	Civilians	Total Police Employees
Bernardsville	12.9	73	16	2	18
Far Hills	4.9	12	5	0	5
Peapack-Gladstone	5.8	32	9	1	10
Totals	23.6		30	3	33

*Based on 1999 UCR.

The team believes that these municipalities would save money by reducing superior officers, line supervisors, and patrolmen. Collectively, these municipalities spend approximately \$3,568,042 on police services. The team's cursory analysis suggests that consolidation could result in eliminating the Far Hills and Peapack-Gladstone police departments and require only the addition of one officer per tour (for a total of 16 officers), two detectives, and two additional support positions to Bernardsville's police department. These changes could yield \$787,612 in savings. Additional savings would result from reducing, eliminating, or centralizing police vehicles, multiple negotiated contracts, facilities, dispatching, vehicle maintenance and communication systems. The team distributed savings based on a combination of factors including population, number of parcels, the crime index and utilization. The team believes that the following table represents conservative potential savings to each municipality.

Municipality	Crime Index	Parcels	Population	Savings
Bernardsville	73	2,863	7,075	\$348,720
Far Hills	12	416	1,002	\$201,648
Peapack-Gladstone	32	888	2,253	\$237,242

These estimates will hopefully encourage the three municipalities to jointly research the issue of consolidation. The use of a third-party consultant, funded fully or 90% by the state, should document these potential savings in greater detail.

Recommendation:

Bernardsville, in conjunction with Peapack-Gladstone and Far Hills should apply for a REDI and REAP grant to study consolidation of their three police forces.

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the community with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that appropriate judicial personnel will require further review and approval.

A state-certified court administrator, who has 14 years of experience in the borough's court office, staffs the municipal court. The court administrator has an annual salary of \$41,356. Adding fringe benefits increases the position value to \$46,453. A borough employee from the finance office provides a small amount of assistance on scheduled court days. The borough's audit report identifies the court's operating expenses for 1999 as \$67,772. The same report details the revenue as \$185,194, of which the borough retains \$113,248.

The court office is open Monday through Friday, from 8:30 a.m. to 4:30 p.m. The office is closed one hour a day for lunch. The borough has weekly court sessions on Mondays that last approximately two hours. The court administrator receives no additional compensation for the approximately 90 minutes spent working after hours during court days. On rare occasions the court administrator is called upon to perform court-related duties after normal working hours. The compensation for such service is included in the position value.

The court office is computerized and is compatible to the New Jersey Administrative Office of Court automated traffic system (ATS) and automated crime system (ACS). Upon inspection by team members it was noticed that both the court administrator's office and the courtroom are wired with a panic alarm system.

The team toured the courtroom and found that the court bench has the state required protective shield. The court administrator's office, located on the ground floor, has had one break-in. The team's inspection indicates that the office remains susceptible to future security breaches because the windows are ground floor level and are not secured with an alarm system.

Recommendation:

The team recommends that the borough install an alarm system to improve security in the court office.

One-time Value Added Expense: \$500

In 1999, the borough court office disposed of 2,596 cases, while in year 2000 that number was 3,200. Based upon a seven-hour workday, the court administrator disposed about one case every two hours. The office appeared to be well run, with no backlog. The team compared the borough's court office with four similar offices in Somerset County. The comparison is based upon the number of office staff and the rate at which court cases are disposed. The evaluation showed that Bernardsville is a highly efficient office. The other boroughs have roughly .5 FTE more staff. If Bernardsville had a similar staffing, the borough's costs would be approximately \$25,000 more per year.

In order to share examples of efficient operations with other boroughs, the team tried to identify specific processing methods used in Bernardsville. The court administrator indicated that she achieves this efficiently by several methods. First, the borough uses in-house personnel to assist on court days. This help equals only 4% of a full-time person but it helps the administrator process cases efficiently. Second, the court administrator attributes the office efficiency to the type of violations processed through the office. Most cases are moving violations, which are processed more quickly than other types of cases. Third, court is held once per week, which further helps to eliminate any scheduling conflicts. Fourth, the court administrator coordinates police appearance in court with their work schedules, further facilitating efficient case processing and reducing police overtime.

The team commends the borough's court office for processing cases efficiently, by scheduling additional personnel during peak workloads, coordinating with police work schedules, holding court once per week and focusing on getting work done well and as efficiently as possible. The team estimates that these efficiencies save the borough's taxpayers approximately \$25,000 annually.

VOLUNTEER FIRE AND EMERGENCY SERVICES

Fire Department and Emergency Medical Services

The Bernardsville Volunteer Fire Company and First Aid Squad provide fire protection and emergency medical services to residents. Members of the fire company and EMS squad must be a United States Citizen, 18 years or older, pass a physical, and have a criminal history background check. The team obtained information for this section from municipal documents and field observations. Normally, the team would interview key personnel, but the EMS and fire department elected not to participate in the review.

Municipal Expenditures

In 1999, the borough contributed \$84,966 to the fire department and \$41,000 to the emergency medical squad. According to the police department, in 1999, the fire department responded to 62

calls for service while the EMS squad responded to 361 calls. The borough administrator indicated that neither the fire department nor EMS squad submit reports documenting how they spend these borough contributions. N.J.S.A. 40A:14-34 requires that volunteer fire companies receiving financial assistance from municipalities pursuant to that statute must provide an annual report regarding the use of the funds. Further, N.J.S.A. 40:5-2 requires that volunteer rescue squads which receive financial support in excess of \$35,000 are required to furnish the municipality with an audit by a certified public accountant or registered municipal accountant regarding the financial records of the rescue squad. The team supports the courageous and dedicated efforts of individuals who volunteer their time in the service of the community.

Recommendation:

The borough should work with the fire company and the EMS squads to comply with N.J.S.A. 40A:14-34 and N.J.S.A. 40:5-2.

The borough has 10 DPW employees who are members of the EMS squad (two employees) and fire department (eight employees). These employees are permitted to respond from work at the borough's expense. In 1999, the team estimated employees responded to 230 EMS calls and 39 fire calls resulting in a productivity loss of \$14,047. The DPW director implemented a policy that only permits two employees to respond to non-working structure fire incidents. It is very difficult to obtain volunteer help during daytime hours. These employee/volunteers meet this challenge by providing critical staff during daytime hours.

The team commends the volunteer fire fighters and EMS personnel at the Bernardsville DPW for providing critical staffing needs during daytime hours.

Insurance Billing

EMS squads are entitled to reimbursement by insurance companies when transport services are provided. Municipalities are also entitled to reimbursement when they provide aid. Several companies provide billing services that estimate insurance billing reimbursement of \$250 per transport. Furthermore, through contractual arrangements with the municipality, the companies do not bill the patient for the difference between the bill and insurance reimbursement.

In 1999, the borough contributed \$41,000 in direct aid and \$14,000 in loss productivity from employees responding to EMS calls. According to dispatch records, the squad performed 218 transports in 1999. Using an average reimbursement of \$250 per call, the team projects revenue of \$54,500 for the borough. The team feels this is a conservative figure based on the demographics of the community.

Recommendations:

The borough should seek reimbursement of its expenses to support the EMS squad through insurance billing. Based on 218 transports to medical facilities in 1999, the borough would recoup approximately \$54,500. In addition, the borough should contract with a billing

company that does not bill patients for the difference between reimbursement and the actual fee. This will minimize the impact on fund raising by the EMS squad.

Revenue Enhancement: \$54,500

During the review, the team had the opportunity to observe the fire department and EMS responding to calls. The team found that during one call, the EMS was prevented from reaching the fire scene because of a coded security gate. Neither the fire department, EMS or police department had the security number to gain access to the scene. It was reported to the team that this is a frequent occurrence as many of the properties on the mountain are gated. Borough code (3-6) requires the registration of alarms, but not security gates. This could present a life-threatening situation that would be detrimental to all concerned.

Police are generally the first on the scene and are equipped with data terminals in their vehicle that can store these security codes.

Recommendations:

The borough should amend its alarm ordinance to include the security access numbers for security gates. In addition, only the police should receive these codes and they should be stored on their mobile data terminals for emergency use only.

Fire Prevention

The fire prevention bureau performs all non-emergency fire-related tasks for the township. The part-time fire prevention inspector reports to the finance office. In 1999, salary expenditures were \$13,770 and non-salary expenditures totaled \$2,018.

The individual inspects for fire safety code compliance of all new construction as part of the certificate of occupancy (CO) process, and annually inspects dwellings with three or more residential units. The bureau enforces the Uniform Fire Safety Act for all commercial buildings within the borough. According to fire bureau records, the fire inspector generated \$15,378 in revenue from 316 inspections. The following table outlines the workload.

1999 Inspections and Revenue

Inspection Type	# of Inspections	Revenue
Life Hazard Uses	52	\$8,408
Permits Issued	22	770
Stores	110	\$3,300
Multi-Family Dwelling	20	\$1,000
Exempt Properties	17	0
Vacant	19	0
Smoke Detectors	76	\$1,900
Total	316	\$15,378

In 1999, the bureau's expenses exceeded revenues by \$410. Because the bureau does not keep detailed time sheets for each inspection, the team could not determine whether fees reflected

actual cost including materials. This is important because fee charges should be fairly distributed among those receiving these fire prevention services. Based on the team's experience, the team estimated average time per inspection for each type and determined the following pricing structure using 1999 statistics:

LGBR Estimated Inspection Cost

Inspection Type	# of Inspections	1999 Revenue	Cost per Insp.	Time per Insp.* (minutes)	Estimated Cost
Life Hazard Uses	52	\$8,408	\$162	120	\$160
Permits Issued	22	\$770	\$35	15	\$25
Stores	110	\$3,300	\$30	30	\$45
Multi-Family Dwelling	20	\$1,000	\$50	45	\$85
Exempt Properties	17	\$0	\$0	0	\$0
Vacant	19	\$0	\$0	0	\$0
Smoke Detectors	76	\$1,900	\$25	20	\$30
* Time per inspection is estimated. Actual tracking of time for a two-year period will provide necessary data to determine an appropriate inspection fee. The team included the chart for discussion purposes.					

These fees are designed to properly allocate fee charges. They should not impact on revenue amounts.

Recommendation:

It is recommended the fire bureau track daily activity, including time per inspection, for the purposes of properly allocating fee charges.

False Alarms

Borough code (15-10§d) assesses a \$25 penalty each for the first and second false alarm within one calendar year. After the second alarm, the fine increases to \$50 for each offense. The fire official issues the penalty in accordance with N.J.A.C. 5:18A-3.1 - 3.6. The borough does not enforce the ordinance unless the property owner fails to fix the problem within a reasonable period time. Multiple false alarms within a 24-hour period are considered a single event because of the challenge of immediately repairing the equipment.

OFFICE OF EMERGENCY MANAGEMENT

Borough ordinance 2000 - #1205 created the office of emergency management (OEM) in accordance with state statues. The mayor appoints the coordinator, which at the time of the review was the chief of police. To aid in the development of emergency management plans, the borough created an emergency management council. The council is appointed by the mayor and includes representatives from the borough council, police, fire, first aid, health, environmental, public works and emergency management. The coordinator, with the assistance of the OEM council is responsible for the administration and program development encompassing the four phases of emergency management – mitigation, preparedness, response and recovery.

Expenditures

The OEM coordinator receives a \$2,000 stipend. The borough has a deputy coordinator who is not compensated. OE expenditures for 1999 were \$2,254 for traffic control supplies.

The OEM center is located in the old dispatch area of the police station. According to interviewees, it appears that this section of the building does not have power backup. Therefore, if a power failure occurs during an emergency event, OEM operations may be terminated. Furthermore, while the main communications center has a 30-minute backup power supply, it appears the automated connections to the backup generator do not automatically switch on/off during power failures and restorations.

Recommendation:

The borough should assess the backup power protocols for the OEM to insure that all emergency functions have sufficient power during a power outage.

ANIMAL CONTROL

The borough's animal control shelter is located in a small area under the DPW sign shop. The facility contains several dog runs and cages for impounded animals. The shelter operates Monday through Friday from 8:30 a.m. – 4:30 p.m. The animal control officer has a 1987 Dodge pick-up truck with a cap.

From 1995 to 1998, animal control averaged 152 responses per year. In 1999, responses decreased to 67. The decrease resulted from the borough's decision not to go to homes that had been penetrated by an animal. Instead, residents had to hire private animal control vendors to address this situation. However, in 2000 the animal control office returned to answering resident calls. The following table outlines the animal control activity:

Type	1995	1996	1997	1998	1999	2000
Canine	46	37	35	44	15	22
Feline	14	34	14	16	9	25
Rodent	68	60	70	85	29	80
Fowl	15	19	4	10	6	27
Farm	7	0	1	4	3	2
Other	2	9	10	6	5	17
Total	152	159	134	165	67	173

Recommendation:

The borough should establish a consistent policy whether or not animal control should respond to resident call where an animal has penetrated a home.

Staffing & Expenditures

The borough employs one individual who spends approximately 70% of his time on animal control. The remaining time is spent on streets and roads, clean communities, and porter tasks for the administration building, which has been increasing as a result of the policy change mentioned above. In 1999, this position cost \$35,155 for salary and \$14,417 for OT and miscellaneous payments. Non-salary cost totaled \$1,474, mostly for food and veterinary services.

Dog Canvass

According to N.J.S.A. 4:19-15.15, the chief of police or another employee designated by the governing body shall institute a dog canvass to be conducted at least every two years. According to our interviews, it has been at least four years since the borough performed a dog canvass. An option for conducting a more proactive dog and cat canvass would be to solicit the help of local organizations, which provide community services, such as the Boy Scouts of America or school organizations. It is important to license every dog to ensure they have received proper shots, which helps to protect public safety.

The American Veterinary Medical Association produces statistics on dogs, cats, and other animals. Their data indicates that nationally, .316 of households own one or more dogs. Those households own an average of 1.69 dogs. Based on the 2,402 households in the borough, the team estimates the dog population to be approximately 1,282. Borough records indicated 659 dog licenses were sold in 1999, earning approximately \$3,954 in revenues. This is only about half of what is expected. An effective canvass program, including distributing literature on the responsibilities of dog ownership and borough requirements, would increase revenues to \$3,742, for an increase of \$1,871.

Recommendation:

It is recommended the animal control officer, with the assistance of a local service organization, perform a more proactive dog canvas. The team believes the borough will improve public and animal safety and increase revenues by \$1,871.

Revenue Enhancement: \$1,871

Cat Canvas

The Bernardsville Board of Health Ordinance BH:X10-2.1 requires all residents license their cats, for a fee of \$6 for each neutered cat and \$9 for each unneutered cat. According to borough records, 106 licenses were sold in 1999 for \$636 in revenue. The American Veterinary Association estimates that, on average, .273 of households in a community have a feline with an average of 2.19 cats per household. Based upon 2,402 households in Bernardsville, the team estimates that the borough has a cat population of 1,436. It is important to license cats to ensure that they have received proper shots, which helps to protect public safety.

During the next dog canvas, the borough should include information regarding the requirement for cat licensing. A proactive cat licensing campaign should increase licensing revenues approximately \$7,980. However, for the purpose of the review, the team will estimate a 75% increase in cat licensing fees, or \$5,985.

Recommendations:

The borough should perform a cat canvas for a conservative revenue enhancement of \$5,985.

Revenue Enhancement: \$5,985

The borough should perform the dog and cat canvass together.

Accounting Control Procedures

During the review, the team found a need to improve the administrative procedures for tracking animal impoundments, reclaims, and related monies. For example, in 1998 and 1999, the animal control officer's log indicated that 53 and 22 animals were reclaimed, respectively. In order to reclaim an animal, the owner must pay a \$15 fine plus \$10 per night fee. However, the borough clerk's log showed only 25 fines collected in 1998 and 13 for 1999. The team believes that the discrepancy was a procedural issue.

Recommendation:

The borough should develop procedures to reconcile financial records between the animal control and the clerk's office regarding revenues from animal impoundments and reclaims.

Dog Pound

State guidelines for operating animal control shelters fall under N.J.A.C. 8:23A-1.1 et. seq.; N.J.S.A. 4:19-15.1 et. seq. and N.J.S.A. 26:4-1 et. seq. and New Jersey Revised Statutes 26:4 et. seq. The team toured the borough's facilities, examined the animal control vehicle, interviewed the animal control officer, and reviewed procedures. The team found that significant improvements were needed in both the facility and the vehicle. The borough informed the team that they were planning capital improvements to the pound and purchasing a new animal control vehicle to help meet state requirements. To assist the borough, the team provided additional citations to the borough administrator and the animal control officer's superiors for further evaluation with the local board of health, which must approve any changes.

The team explored alternatives, including competitively contracting boarding or using another municipal pound. However, several local kennels declined interest due to animal immunization issues, and there were no municipal pounds nearby that could handle the additional animals.

The lack of other alternatives led the team to identify how the borough could minimize the cost of constructing and operating its own animal control shelter. The borough recently budgeted \$57,000 (\$25,000 for a vehicle and \$32,000 for construction) to upgrade animal control operations. With capitalization and annual expenses, the team determined that it would cost the borough approximately \$380 per captured animal. The following table illustrates:

Capitalized and Annual Cost

	Cost per Year
Vehicle (25,000 @ 10 years)	\$2,500
Facility (32,000 @ 25 years)	\$640
Annual Salary	\$49,302
Expenses	\$1,471
Total	\$53,913
6 Year Avg. Annual # of Captured Animals	142
Average Daily Incident	.39
Per Incident/Animal Cost	\$380

Because of the high cost per incident, the team explored the construction and operation of an inter-local service similar to the Somerset Hills Municipal Health System. The State's Department of Community Affairs, Division of Community Affairs' REDI and REAP program provides grants and direct tax relief to municipalities to study and implement shared services. If the borough were to enter into an inter-local services agreement, the team roughly estimates a cost per call of \$198, representing annual savings of \$25,844. The following table illustrates:

Proposed Somerset Hills Animal Control Department

Two Vehicles (\$50,000/8 municipalities /10 years)	\$625
Facility (\$125,000)/8 municipalities /50 (Masonry Const.)	\$312
Annual Salary (70% of \$35,155) (same as current pos.)	\$24,608
Annual Expenses	\$2,400
Total Yearly Capitalized Cost	\$28,079
6 Year Average Animal Control Calls	142
Cost per Animal Control Call	\$198
Annual Savings for Interlocal Animal Control (((\$380-198) x 142 incidents)	\$25,844

The borough indicated that residents have a strong desire to maintain their own independent animal control function, and recently passed an ordinance to begin constructing an animal control facility. The above illustration provides the governing body with one alternative to consider. Another alternative would be for the borough to operate their own facility but to provide animal control services to some nearby municipalities. This would help to increase activity and therefore lower costs. The REDI and REAP program will also provide grant funds to perform that feasibility study.

Recommendations:

The borough may want to consider two alternatives to building and operating its own animal control facility. One would be to join with a large group of municipalities (as it does with seven other municipalities for health services) to have one major facility. The other is to join with a smaller group. In either case, cost would decrease because the facility would be used more often.

The borough may want to contact the State Department of Community Affairs to obtain funds to prepare a detailed study on the issue.

Animal Euthanasia

The borough reported that injured and/sick rodents are euthanized at the recycling center by borough police officers. According to N.J.A.C. 8:23A-1.11 “shooting and captive bolt pistol” methods are not acceptable for euthanizing animals. N.J.A.C. 8:23A-1.1 defines animal as any animal subject to rabies or other diseases of dogs.

Recommendation:

The borough should determine acceptable euthanasia methods for its animal control function.

PUBLIC WORKS AND ENGINEERING

The director of public works is responsible for four functional units. These are: 1) engineering services; 2) streets and roads, which includes road repair, grounds maintenance, snow removal, landfill and vehicle maintenance; 3) buildings and grounds; and 4) the sewer plant. This section analyzes: 1) engineering services and 2) streets and roads functions. Buildings and grounds and sewer plant operations are analyzed in separate sections of this report. The director of public work’s position cost is allocated among these functional units.

Engineering Services

In 1999, the borough allocated \$36,500 of the director’s salary for engineering services and it spent \$24,216 for contracted engineering services, from several firms (see table below). The large decrease from 1998 to 1999 resulted from charging more time of the director’s salary to DPW and less to engineering. This change occurred because the director’s responsibilities for DPW increased. The engineering workload remained the same.

						Avg. Annual Change
EXPENSES	1999	1998	1997	1996	1995	1996-1999
Salaries	\$36,500	\$55,529	\$65,484	\$62,692	\$60,350	-10.3%
Other Expenses	\$24,716	\$19,788	\$18,961	\$29,076	\$22,969	5.3%
Total Expenses	\$61,216	\$75,317	\$84,445	\$91,768	\$83,319	-6.8%

The typical engineering services carried out by the director include preliminary engineering work for road projects and structural work for the borough’s property.

The borough purchases engineering services on an hourly basis. Depending on the type of work, the rate ranges from \$90 to \$115 per hour. The team compared these costs to the \$92 to \$166 hourly costs for municipalities in the area and found that the borough’s rates compare favorably.

The team’s review of engineering services indicates that this function operates efficiently compared to similar municipalities.

Streets and Roads Unit

Overview

The streets and roads function has a total of nine very experienced staff. The staff includes a supervisor who has been with the borough for more than 30 years, a foreman who has been with the borough for 24 years, six laborers/equipment operators, each with at least 12 years experience and a mechanic who has been with the borough for 14 years.

The streets and roads unit normally spends about \$460,000 per year in salary costs and about \$200,000 in OE costs (see table below). A large increase in salary costs occurred from 1998 to 1999. This was due to adding one full-time and one part-time employee. The salary costs in 1999 include approximately \$58,491 in overtime costs. This is typical for the borough and includes overtime for the landfill (\$13,300), leaf collection (\$2,500), and sewer work and snow plowing (\$42,000). These overtime amounts are analyzed separately in each of the functional areas.

						Avg. Annual Change
EXPENSES	1999	1998	1997	1996	1995	1996-1999
Salaries	\$458,967	\$404,913	\$397,172	\$396,075	\$369,613	5.7%
Other	\$203,502	\$211,736	\$206,252	\$161,477	\$144,505	9.6%
Total Expenses	\$662,469	\$616,649	\$603,424	\$557,552	\$514,118	6.6%

The unit's major tasks are to provide road repair and maintenance as well as some yard refuse collection work throughout the borough's 13.1 square mile area. Major roadwork is contracted out. Similarly, road division employees occasionally provide assistance to the sewer utility operation, as discussed in that section of the report.

The basic functions performed by the streets and roads unit and the percent of the total staff workdays spent on each one is as follows:

- road work, road repair, patching, paving, roadside litter, debris (54.4%);
- grounds maintenance (19.1%);
- leaf collection (6.2%);
- landfill (5.9%);
- snow plowing (4.7%);
- sweeper (2.4%); and
- miscellaneous (7.3%).

Managing Staff and Cost

Over the course of this review, the team observed street and roads employees many times and analyzed their duties, tasks, and schedule, as outlined below. The team analyzed the data used to account for the time and the cost of all DPW personnel to complete major activities. This information is critical to the borough because the streets and roads unit is the second largest department. Knowing the time and cost of key activities enables the borough to:

- Compare these times and costs to what was planned.
- Compare these times and costs to the private sector to ensure borough activities are efficient.
- Revise work priorities based on actual time and cost.

There is no time clock; therefore, work time maintained for late arriving employees is based upon the honor system. The street and roads supervisor gathers two types of data to identify how personnel spend their time. One source is a biweekly activity sheet. These sheets are used to record an employees eight-hour work cycle, including vacation or sick time.

However, these sheets are not detailed sufficiently. They only distinguish time in full day, rather than in hourly increments. Therefore, whatever work happens to be assigned in the morning is counted as a full-days work. If an employee is assigned to repair a signpost in the morning and the task requires only two hours, that activity is reported as eight hours repairing signs. If the streets and roads supervisor would count employee time in one or two-hour increments, reporting effort is minimized yet valuable information is provided that can be used to monitor staff efficiency.

Recommendation:

The DPW director, in cooperation with the streets and roads supervisor should revise the activity sheet to account for time in smaller increments than one day.

The monthly supervisor's report is the other source of data used by the supervisor of streets and roads to identify how DPW personnel spend their time. The supervisor uses the activity sheets noted above to create a monthly report showing total workdays of the entire streets and roads unit. This is an excellent format for monitoring employee time; however, it is based on the bi-weekly time sheet, which lacks detail.

As previously stated, the activity sheets count the work that begins in the morning as eight hours, regardless of the actual time spent on specific tasks that day. In order to use this data, the team confirmed with the supervisor that activities were sometimes started in the morning and sometimes in the afternoon. This was important because the team assumed that these distortions would offset one another over the year. In other words, a morning activity on one day would be an afternoon activity on another day. Over the weeks and months, the team believes that these distortions would even out. While the team would like more precise information, it believes that the data presents a reasonable picture of how time in streets and roads was allocated and it is the best available data.

The monthly report counts the number of workdays for the entire unit. A workday is one staff person, working one day. The report allocates the unit's workdays among 28 activities that are grouped into eight major categories, including vacation and sick days. The report, therefore, accounts for 100% of the time of the streets and roads personnel. It is important to note that the report does not have categories for significant "downtime," i.e., when the staff has an extended period they are not working nor for administrative activities including meetings. This results in the supervisor allocating this downtime time among the 28 activities, excluding vacation and sick days.

The supervisor of streets and roads gives this report to the director of public works to show how the staff time is allocated each month. The team took the supervisors monthly reports and put them on a spreadsheet for 1999 and 2000. The team then took the expenditures for the streets and roads unit (from the 1999 audit) and allocated them based on the percent of total staff days spent on the activities noted, excluding vacation and sick days. In other words, if 20% of the workdays for the entire year went to activity #1, the team allocated 20% of the costs to that activity. This gave the borough and the team a rough idea of the costs of these activities. Appendix 8 shows the 1999 results.

We shared the results with the borough administrator, the director of DPW and the supervisor of streets and roads. The team believes this information provided the first opportunity to discuss the cost of streets and roads activities. The borough administrator and the director of DPW were surprised with the cost of some activities and believed, for example, the grass cutting and field maintenance cost were too high. They thought grass cutting was too high because two summer interns did this. However, the team understands that full-time personnel were assigned to supervise the interns and work along side them explaining the higher cost. In addition, some of this cost may reflect downtime that was allocated to these activities as previously discussed.

Recommendations:

The team recommends that the borough administrator, the DPW director and the supervisor of the streets and roads unit modify the monthly report to include “downtime” and “administration” categories. They should continue identifying the cost of street and roads activities and use this data to compare them against private or public sector standards.

Road Work

The team reviewed the roadwork and road repair functions and they appear to be efficiently run and appropriately staffed. This is important because this work constitutes the majority of the units work (54.4%). As noted, major roadwork is contracted out and the team found these contracting costs reasonable.

Grass Cutting and Recreation Field Maintenance

The team analyzed the cost of streets and roads employees cutting grass and maintaining the borough’s fields. This work is the second highest allocation of staff time in the department (19.1%). The team assigned a dollar value to the reported work activity by allocating the total salary position costs (includes fringe benefits) for street and roads staff, based on the percentage of staff days reported working in those activities. In 1999, the cost to the borough, for grass cutting and field maintenance activities totaled \$93,888 (Appendix 8, Column “U” Row 47). This included \$37,656 for grass cutting, \$42,425 for dragging and maintaining baseball fields and \$12,552 for clay installation and fertilization, and \$1,255 for repairs.

Grass cutting is analyzed first. During April and May, two full-time personnel cut grass on a weekly basis for approximately 4.5 acres of borough owned property. Borough employees provided information on the acreage. The 150 staff days allocated to this activity is equal to about .65 FTE. The recreation department hires a private vendor to cut the recreational fields.

The team compared the boroughs and the vendors cost per acre. The chart below shows the boroughs grass-cutting cost is \$37,656. The team allocated total cost based on the percentage of acreage for each parcel. The total cost for each parcel was divided by the number of cuts per year to identify the cost per cut.

Cost of Borough Employees to Cut Municipal Property

	Acreage	Percent of Total	Cuts Per Season	Cost Per Cut	Yearly Cost	Total Acre Cut	Cost Per Acre
Boro Hall/Sewer Plt	2.53	56.9%	24	892	\$21,409	60.72	\$352
Train Station	0.11	2.5%	24	39	\$931	2.64	\$352
Post Office	0.04	0.9%	24	14	\$338	0.96	\$352
Claremont Rd.	0.09	2.0%	24	32	\$762	2.16	\$352
Olcott Ave.	0.28	6.3%	24	99	\$2,369	6.72	\$352
North Finley	0.09	2.0%	24	32	\$762	2.16	\$352
N. Finley Basin	0.41	9.2%	24	145	\$3,469	9.84	\$352
Library	0.53	11.9%	24	187	\$4,485	12.72	\$352
Amerman Park Lot	0.22	4.9%	24	78	\$1,862	5.28	\$352
Seney Drive	0.06	1.3%	24	21	\$508	1.44	\$352
Dayton/Crescent	0.06	1.3%	24	21	\$508	1.44	\$352
Dana Place	0.03	0.7%	24	11	\$254	0.72	\$352
	4.45	100.0%	288	N/A	\$37,656	106.80	\$352

The team used the vendors current cost per acre for the largest parcel (Borough Hall/Sewer Plant) and estimated a minimum charge of \$35 each to cut the smaller parcels at \$35 (see table below).

Team's Estimate for Vendor to Cut Borough Property

	Acres	Cuts Per Season	Costs Per Cut*	Yearly Cost	Total Acres Cut	Cost Per Acre
Boro Hall/Sewer Plt	2.53	24	68	\$1,632	60.72	\$27
Train Station	0.11	24	35	\$840	2.64	\$318
Post Office	0.04	24	35	\$840	0.96	\$875
Claremont Rd.	0.09	24	35	\$840	2.16	\$389
Olcott Ave.	0.28	24	35	\$840	6.72	\$125
North Finley	0.09	24	35	\$840	2.16	\$389
N. Finley Basin	0.41	24	35	\$840	9.84	\$85
Library	0.53	24	35	\$840	12.72	\$66
Amerman Park Lot	0.22	24	35	\$840	5.28	\$159
Seney Drive	0.06	24	35	\$840	1.44	\$583
Dayton/Crescent	0.06	24	35	\$840	1.44	\$583
Dana Place	0.03	24	35	\$840	0.72	\$1,167
Total/Average	4.45	288	N/A	\$10,872	106.80	**\$102

*Landscaper estimated minimum charge per cut.

**Taking the total annual cost divided by acres cut derives this number.

The vendor's estimated total cost is \$10,872. This is a saving of \$26,784. The vendor's cost may be lower for two reasons. First, their operation is focused on doing this work. Secondly, staff is more closely monitored for time and cost expended. Nevertheless, because of the issues

noted above regarding the accuracy of DPW's data and the lack of monitoring efficiency of the DPW services, the team lowered the savings by 1/3 to be conservative. The team estimates cost saving to be \$17,838. Eliminating this activity from DPW would reduce staff effort by .65 FTE. Reducing this by 1/3 leaves a staff reduction of .43 FTE. The borough would also gain some revenue from selling grass-cutting equipment and realize savings from reduced insurance costs.

Recommendation:

The borough should contract out its grass cutting to a private vendor. The team estimates, conservatively, that costs and staff needs would decrease by \$17,838 and .43 FTE respectively.

Cost Savings: \$17,838

Two employees from the streets and roads unit maintain (excluding grass cutting) and prepare for play, five recreation baseball/softball fields totaling 15.3 acres. These activities are accomplished during the period of April through September (a 24-week period). This work consists of two components. One, is field preparation/dragging. The infield is dragged everyday immediately after the employees lunch period. This is done to minimize the time between field preparation and the start of the league game. Sometimes non-league individuals use the field. This work takes 169 staff days or .73 FTE. The other component is clay installation, and grass seeding and fertilizing. This work takes 50 staff days or .22 FTE.

The team compared the borough's costs associated with these activities to estimates provided by the borough's current vendor. The team asked the vendor to estimate their charges to complete the aforementioned services over the same time period. The chart, below, details the cost comparisons.

Comparison of Borough and Vendor Costs for Maintaining Fields

Activity	Description of Activity	Number of Times Activities Performed Yearly	Boro Cost	Vendor Cost	Difference In Cost
I. Field Dragging	7.5 Ac. (5 in-fields)	24wks x 5dys/wk = 120	\$42,425	\$18,000	\$24,425
II. Fertilize/Clay	15.3 Ac. (5 fields)	Several Applications	\$12,552	\$4,050	\$8,502
Total			\$54,977	\$22,050	\$32,927

The vendor's informal price quote was \$22,050. This is \$32,927 less than the borough's \$54,977 cost. Again, the vendor's cost is lower because of the reasons stated above and to be conservative the team lowered the savings by 1/3. The team estimates cost saving to be \$21,929. Eliminating this activity from DPW's effort would reduce staff effort by .73 for dragging the fields plus .22 FTE for clay installation, and grass seeding and fertilizing, for a total of .95 FTE. Reducing this by 1/3 leaves a staff reduction of .63 FTE.

Recommendation:

The borough should contract out maintaining its recreation baseball/softball fields to a private vendor. The team estimates conservatively that costs and staff needs would decrease by \$21,929 and .63 FTE, respectively.

Cost Savings: \$21,929

The summer time is the exceptionally busy time at DPW. Therefore, reducing DPW's effort during this time will permit the overall staffing level to be reduced.

Analysis of Friday Schedule

The borough schedules streets and roads unit employees to begin work on Friday at 5 a.m. and to finish by 1:30 p.m. This time slot is used for mechanically and hand sweeping the parking lots at both the train station and the post office while they are empty. The sidewalks in the downtown commercial district are also swept during these non-business hours. One person operates the mechanical sweeper and the remainder of the eight person staff, working that day, hand sweep the corners of the parking lots and the downtown commercial area.

The team believes that this Friday schedule should be eliminated for several reasons. First, one person operating the mechanical sweeper can clean both parking lots and clean the roughly three to four corners. Second, during the leaf collection season, stopping work at 1:30 p.m. creates two hours of overtime for each person because staff works until 3:30 p.m. Third, the sweeping is usually completed by 6:30 a.m. The crew cannot begin the remaining roadwork until 8 a.m. due to the noise associated with such work. The team understands that the crew then has a leisurely breakfast.

Assuming 1.5 hours of lost work time for breakfast (6:30 a.m. to 8:00 a.m.) each Friday for about six staff, the team estimates that a \$10,764 productivity enhancement will occur from eliminating the Friday schedule. In addition, changing the Friday schedule to the regular daily schedule will also eliminate \$2,488 in overtime that occurs during leaf collection time (six weeks x six staff x two hours each).

Recommendation:

The team recommends that the borough eliminate the special schedule on Friday as authorized by the labor contract. This will save the borough \$10,764 in productivity and \$2,488 in overtime during leaf collection.

Productivity Enhancement: \$10,764
Cost Savings from Reduced Overtime: \$2,488

Snow Removal

The team interviewed the supervisor of streets and roads, analyzed the time spent on snow removal for two years, and made field visits to specific plowing sites; namely the parking lots at the post office, the library and the train station, including the overflow lot.

The team analyzed monthly time sheets for 1999 and 2000 to determine the time and costs for snow removal. The analysis for 1999 indicates that the borough spent about 5% of its workdays plowing at a cost of \$22,000 (Appendix 8, Columns R and T, Row 31 and 32). In 2000, the unusually large number of snowfalls increased time and costs significantly. The borough spent about 33% of its workdays (including overtime) at a cost of roughly \$160,000. Excluding the year 2000, the time spent on snow plowing is usually relatively minor.

The team looked at contracting out snow plowing of the library, train station and post office parking lots, for several reasons. First, it would allow DPW personnel to focus on its major job of plowing streets. Second, hiring contractors would minimize the overtime hours needed from borough employees. This not only reduces cost but, also, may improve safety because employees would work less overtime. Third, borough equipment would be used less and fewer pieces of equipment would be needed.

The data did not break out the time employees spent plowing the library, train station and post office parking lots versus streets. The supervisor estimates that it takes 15 staff hours to plow these lots. The cost, therefore, was approximately \$683, adding in a small amount for equipment and overhead.

The team obtained informal quotes from two contractors. The average cost between the two vendors was \$1,038. This is \$355 above the borough's cost. Even though the vendors cost is slightly more than the borough's, the team believes, for the reason noted above, that the borough should contract this snow plowing service. During the course of this review, the borough advised the team that they were going to bid out these snowplowing services next year.

Recommendation:

The team recommends that the borough consider contracting out the plowing of the library, train station and post office parking lots. This will increase the borough's cost by roughly \$355. However, the team believes that the benefits of improved safety, an earlier start on street plowing, and reduced equipment usage outweigh this cost.

Value Added Expense: \$355

Landfill

The borough operates a landfill in the eastern part of town. It is used mostly for yard refuse such as leaves, tree clippings, and landscaping refuse. The landfill is about eight acres. It is open to local residents year-round on Saturdays from 9:00 a.m. to 2:30 p.m. Each resident is permitted 12 visits a year to the landfill, without charge. Each additional trip requires a \$35 fee. The landfill accepts white goods once per year in the Fall and the borough hires a vendor to conduct a curbside pickup in the Spring.

The salary and expenses of the landfill operation are shown below. Salaries have increased in 1998 and 1999 because the borough revised its accounting practices to more accurately reflect landfill salaries. No additional staff effort occurred in the landfill function. The other expenses are for disposal costs and equipment maintenance.

EXPENSES	1999	1998	1997	1996	1995	Avg. Annual Change
Salaries	\$15,912	\$12,317	\$8,794	\$7,999	\$8,971	17.1%
Other	\$32,363	\$27,421	\$41,808	\$37,984	\$30,649	4.4%
Total Expenses	\$48,275	\$39,738	\$50,602	\$45,983	\$39,620	6.5%

In order to provide this service on Saturdays, the borough uses two DPW personnel, for a total of 11 hours of overtime (5.5 hours each). For safety reasons it takes two staff to operate the landfill.

The borough could restructure one DPW position to have a regular schedule of Tuesday through Saturday, with overtime based on a 40-hour week, rather than an eight-hour day (permitted under FLSB). This would eliminate the overtime of one person. The shorter 5.5-hour day on Saturday would be made up during the week by working 2.5 hours longer during the week. The team estimates that the cost for 5.5 hours of regular time for one staff is \$7,571 ($\$50,000/1,816 \text{ hrs.} \times 5.5 \text{ hrs.} \times 50 \text{ wks.}$). But the same hours worked on overtime costs \$11,357 ($\$50,000/1,816 \text{ hrs.} \times 1.5 \times 5.5 \text{ hrs.}$). This is an additional cost of \$3,786.

Recommendation:

The borough should establish one position as a Tuesday through Saturday, with an overtime schedule based on a 40-hour week, rather than an eight-hour day. This will eliminate the overtime of one person at the landfill, saving \$3,786 annually.

Cost Savings: \$3,786

The borough does not gather precise data on the time and dates that citizens use the landfill. This data would enable the borough to consider reducing hours or days that it is open. This information could lead to reducing costs, yet minimally impact on citizen access. However, the team identified that enough citizens use the landfill to keep it operating.

Recommendation:

The borough should maintain records on the number, dates and times that citizens use the landfill. This may lead to more efficient scheduling of staff, while helping to ensure citizens have maximum access to the landfill.

Vehicle Maintenance

The borough has one full-time mechanic. The position value (includes fringe benefits) for the mechanic is \$52,418. Assuming that there are 1,816 work hours in a year, the hourly cost for this person is \$28.86. The mechanic is responsible for the inspection, maintenance and repair of the 10 police and 10 DPW vehicles. During snowstorms, the mechanic is also responsible for plowing a small road near the borough complex.

The mechanic maintains manual vehicle records. The team reviewed these records and discussed record maintenance with the mechanic. The team and the mechanic agree that record keeping should be automated. This will allow faster and more thorough analysis of vehicle use, repairs histories, and help with planning inventory to meet expected maintenance needs and repairs.

Recommendation:

The borough should purchase a computer and vehicle maintenance software for use by the mechanic.

One-time Value Added Expense: \$1,500

The mechanic also takes about 12 vehicles per year to the inspection station when they are due. The station is in Flemington, about 35 miles each way. It takes about 2.5 hours to complete this task including waiting time at the inspection facility. This 2.5 hours cost the borough about \$72 per trip. If a vehicle fails inspection, the mechanic goes to a nearby parts store and attempts to fix the problem, thereby, saving time and money.

The team commends the mechanic for showing initiative to save the borough money. Several individuals told the team of other examples where the mechanic saved the borough money through his initiative.

However, both service stations in town provide NJ authorized motor vehicle inspection at a cost of roughly the same cost to the borough to have the mechanic drive to the inspection station (\$65).

Recommendation:

The borough should have the mechanic take vehicles needing inspection to a local service station rather than driving to a state operated inspection station.

Productivity Enhancement: \$864
Value Added Expense: \$780

Fuel

The borough purchases premium fuel (93-octane) for its fleet at an annual 1999 cost of \$10,269. The use of premium fuel is unnecessary since the team could not identify borough vehicles that specifically recommend the use of 93-octane fuel. Furthermore, numerous studies have found little difference in most vehicles from using this higher-octane fuel. Based on 1999 fuel consumption and using an average difference between premium and regular fuel, the team identified a saving of approximately \$1,500 by switching to regular fuel.

Recommendation:

The team recommends that the borough switch automotive fuel grade from 93 to 87-octane, for annual savings of \$1,500.

Cost Savings: \$1,500

BUILDINGS AND GROUNDS

Overview

The main borough complex is located on Rt. 202, approximately ½ mile before the center of town where Rt. 202 intersects Anderson Hill Road. The complex sits on approximately 12.5 acres of land, previously an old lumber mill and gristmill. The main property includes a small park with a large pond. Adjacent to borough hall are the DPW and sewer utility facilities. The borough owns 35 additional properties, totaling approximately 204 acres. The estimated market

value of borough structures and land is approximately \$16.5 million excluding easements and pump-stations. At the time of the review, the borough was in the process of locating all the deeds.

The borough spends about \$65,000 per year on buildings and grounds. Only about \$1,000 of this amount is for salaries. The team tried to identify salary costs for buildings and grounds but was unsuccessful because of the lack of records for this function. Instead, salary cost of staff working in buildings and grounds is charged either to the departments or to the functions where they work, namely, DPW, engineering services and animal control. The \$64,000 in other expenditures is for maintenance, supplies, custodial services and vendor contracts for grass cutting the recreational fields.

Buildings

Space Utilization

As part of the review, the team evaluates space utilization of existing facilities. The team found the borough hall, the police facility and DPW had limited space. In the borough hall, the hallway leading from the second floor mail/conference area to the attic storage area doubles as the computer room for the borough's servers. This area does not have climate control. In an effort to deal with space issues, various departments use the non-climate-controlled attic, court room and third-floor conference room. In addition, storage space is at a premium. Attic areas over the latest addition to the police department are already filled with borough records.

The State of New Jersey created construction models to help planners determine square footage needs for public office facilities. The team appreciates the constraints of using a converted 200+ year old lumber/grist mill into a public building. However, the team used the state model to compare existing to needed space. Architectural drawings provided by the planning/building department show a gross square footage of 11,924. Using the state model and making adjustments for departments sharing areas, the team estimated the borough needs approximately 17,000 square feet. This is 5,076 square feet or 42.6% more than the current building.

Rather than constructing a new facility, the borough should consider lowering the ceiling in the courtroom and adding a room upstairs. This would add approximately 1,000 square feet to the fourth floor, or 20% of the need. Another alternative would be to relocate the police department to a new facility (See police facility section). This would provide another 3,296 square feet. Both of these changes would roughly meet the borough's space needs, eliminating employee use of the non-climate-controlled attic, which does not meet PEOSHA standards.

Recommendation:

The borough needs to expand its facility square footage by approximately 5,076 or 40%. The borough should develop a facilities plan to meet these space needs. The team identified two options to consider. These are to add a room above the courtroom (adding 1,000 square feet) and to move the police to a separate building (adding 3,296 square feet).

Utilities

In 1998 and 1999, borough expenditures for public utilities (water, gas and electricity) totaled \$256,196 and \$262,714, respectively (see table below).

Utility Expenditures 1998 & 1999

	1998	1999
Electric	\$184,235	\$192,951
Gas	\$6,410	\$6,384
Water*	\$65,551	\$63,379
Total	\$256,196	\$262,714

*Includes Hydrant Service

The team found that employees tried to keep utility costs down by turning off lights in areas not in use. However, the team noticed that thermostats were often set at 70 or higher in areas of the building not used on a daily basis. Replacing about eight manual thermostats with programmable ones could solve this problem. This change would cost about \$400 (8 @ \$50) and has been shown to reduce the \$6,410 gas heating costs by 5-15%.

Recommendation:

The team recommends that the borough purchase programmable thermostats, which will lower heating bills (gas) by approximately 5-15%.

Cost Savings: \$640

One-time Value Added Expense: \$400

Drinking Water

The borough spends approximately \$3,183 on bottled water for employees. It was reported that prior to the Water Company, borough hall water was from a shallow, muddy well. However, the borough currently has clean water. Furthermore, public visitors have full access to many of the water coolers, which further increases cost. Because the borough has clean tap water, purchasing bottled water is unnecessary. If employees want bottled water, they can pay a vendor to continue this service.

Recommendation:

The borough should discontinue supplying bottled water and save \$3,183.

Cost Savings: \$3,183

Custodial Services

The borough competitively contracts cleaning services for borough hall while the DPW staff clean both the DPW facility and recreation field house on an “as needed” basis. The borough awarded the contract to the lowest bidder, a borough resident, at \$10,800. The borough provides the paper products. Since 1997, the contract price had not increased. Based on the 11,924 square feet of cleanable space, the borough’s per square foot costs are \$1.10 for cleaning services and \$.12 for paper products, for a total cost of \$1.32. Based on prior reviews, LGBR has

identified a benchmark square footage cleaning cost of from \$.75 to \$1.00, including paper products. For example, the Bernardsville library's total per square foot cost is \$.85, including \$.07 for paper. The library has substantially more visitors than the borough. The team believes that the borough's square footage cost is approximately \$.37 higher than necessary.

The team commends the borough for competitively bidding its cleaning services.

Recommendations:

The borough should obtain new bids for its cleaning services. The team believes that the borough can reduce its square footage cost from the current \$1.32 to \$.85, thereby saving \$2,800.

Cost Savings: \$2,800

The borough's \$.12 per square foot cleaning service cost for paper is well above the library's \$.07 cost. Therefore, the team recommends that the borough require the cleaning company to maintain consumption records.

Capital Planning

During the review, the team found what appears to be the boroughs' limited ability to properly plan, budget, and manage capital construction efforts. The team found numerous examples that demonstrate this point.

The Library - The Friends of the Bernardsville Library and the library board were the main driving factors behind the new library facility. The Friends of the Library paid for the architectural plans. The plan called for, among other items, natural gas heating and a 10-year lease on the lower portion of the facility. The 10-year lease was to initially defray the associated debt payments and then, subsequently, to enable the library to use the lower portion to meet its anticipated growth needs.

The borough owns the library building but the library board is responsible for the library programs and operations. The borough's governing body took control of the library building process just before construction. The initial construction cost of the library was estimated to be approximately \$3.2 million. The Friends of the Bernardsville Library agreed to fund 50% or \$1.6 million. However, due to delays, the 1989 completion price was approximately \$5.0 million. The team understands that one goal of the governing body was to contain cost. To accomplish this goal, the governing body made significant changes to the plan. The governing body replaced gas with electric heating. This increased annual heating costs by \$35,619, or 276%.

The governing body also changed the plan regarding the 10-year lease. In 2000, the borough negotiated a 20-year lease for the 9,400 square foot lower portion of the library at what appears to be a relatively low square footage cost of \$6.50. The first year's rent was \$67,000 and increases to \$117,300 by year 10. Year 11 through 20 is a formula based on the consumer price index. The tenant completed leasehold improvements to the lower portion of the facility and currently rents it for approximately \$26 per square foot, the going rental rate in the borough. The

team was concerned with the low rent rate and found that the borough received only one bid for it. It appeared that the borough had accepted the bid because of the desire to defray the impact of the debt payments. It may have been more prudent for the borough to wait a year or to move some borough operations to the facility to help meet its significant shortfall in space as shown in facilities section of this report. Leasing the lower part of the library for 20 rather than 10 years limited the library's future growth.

In addition, the governing body chose a parking lot design from the various alternatives developed by the architect without realizing that neither the DPW nor the library had the proper equipment to cut the grass around the lots or to remove snow. As a result, the team found curbs in the parking damaged by the DPW during snow removal operations. The borough also agreed to provide snow removal to the tenant. The DPW reported that it takes up to three days to adequately remove snow, resulting in increased liability if a visitor to the lower level slips on ice.

The DPW Building - In 1986, the borough decided to construct an addition to the DPW facility. The borough solicited and received bids but the cost exceeded expectations. The borough approached the lowest bidder and requested the contractor to redesign the building to meet the cost limits set by the governing body. The contractor lowered costs but these may not have been cost effective. For example, the new facility was altered to include two bays, whose door openings are too small to fit most borough trucks. In addition, gas heater units were installed without connections to a supply source (borough employees eventually installed this piping). The staircase to connect the upper storage area with the main floor and bathrooms was eliminated. At the conclusion of construction, the new expanded facility has three main areas that are not internally accessible to one another (the bay, the upper storage area, and the mechanic's repair shop/office). In order to move from one main area to the next, staff must exit the building and enter through another entrance.

Recreation Fields - The third example of a need to strengthen capital planning efforts is the acquisition and development of the recreation fields at the Evankow site. The borough expected to spend about \$400,000 in development cost and received estimates starting at \$600,000. In addition, the borough hired a consultant for \$750 to evaluate the development options of the Evankow site and then spent another \$1,500 to evaluate the polo grounds, which is an adjacent property. It would have been more appropriate to evaluate development options of both properties simultaneously.

Dog Pound - During the review, the borough was planning to spend approximately \$35,000 to construct a 256 square foot, pole barn type, dog pound and \$25,000 to purchase a properly equipped animal control truck. Several borough employees expressed doubt that either of these goals could be accomplished for the budgeted amounts. Based on the governing statutes specifying standards for dog pounds and animal control vehicles (see animal control), the team agrees. Actual facility cost based on a more appropriate facility size of 600 square feet may be closer to \$60,000, or 71.4% more than estimated.

Train Station - The borough owns the parking lot and park area that surrounds a New Jersey Transit (NJT) train station. While NJT owns the station and tracks, it leases approximately 1,200 square feet of the train station to the borough, who subleases to a local bank and deli. In 1999,

the borough received \$8,500 in rent, \$22,583 in parking permits and \$5,832 in meters for total revenues of \$36,915. These revenues however, were insufficient to off set expenditures of \$42,741. The expenditure amounts for parking enforcement, snow removal, and lighting exceeded the budgeted amounts.

The borough is responsible for maintaining and repairing the facility. However, the team found the facility in need of repair. The team found graffiti, rotting/missing fascia boards, hanging/damaged gutters and bird nests in the overhanging areas of the roof. According to NJT's property management, NJT is responsible for major repairs such as replacing the roof; however, a major repair that results from poor maintenance is the borough's responsibility.

At the time of the review, the borough sought and received historic status for the train station. Along with this historic status, the borough received a historic grant of \$49,560 to help fund repairs. However, because of the historic designation, a historical board that is not associated with the borough must often approve materials and repairs prior to using the grant funds.

The team commends the borough for obtaining a grant to repair its historic train station.

The team believes, however, that the condition of the station reflects the lack of effective planning and budgeting to maintain the building in good operating condition.

Recommendation:

The borough should strengthen its capital planning, budgeting and management abilities. This would include hiring consultants, when necessary, and developing sound cost estimates, justifications and future impact assessments.

Grounds

Unused Municipal Properties

Team interviews indicated that the borough actively seeks to control growth by purchasing undeveloped land for open space dedication. However, when the borough buys more land, it also increases liability potential and maintenance costs, and removes it from the tax rolls. The team identified one specific property, Block 17 lots 30 & 43 (16.4 acres) that has questionable open space/passive recreation usage. The property is surrounded by expensive homes and is accessible only to borough vehicles through easement rights on a private road. While the parcels are accessible from Claremont Road, development and maintenance of a road on lot 43 and grading of lot 30 for recreation purposes would be costly because of the extreme sloping of the terrain. The team believes that selling this property will provide additional funds needed elsewhere. These funds could be used for recreational development like the 74 acres off Meeker Road discussed below, repayment of the debt on the Evankow property, or expansion of existing properties to provide needed space for borough operations.

The team also identified an additional 74 acres that border the Department of Transportation rail lines off Meeker Road. The borough is responsible for maintaining this property and providing insurance. The property represents a valuable open space resource for passive recreation

purposes. However, the borough reported that they do not have the resources to develop nature trails for community use. This project would benefit from the sale of the Block 17 lots 30 & 43 noted above. Another possibility the borough should consider is transferring ownership of the property to a local conservancy group. The transfer could include a deed stipulation that the property may never be developed and it would revert back to the borough if the conservancy group could not maintain the property.

Recommendation:

The borough owns property, Block 17 lots 30 & 43, surrounded by expensive homes with limited access for residents. While the team encourages open space initiatives, the property represents a greater benefit to the homeowners surrounding this land than to the citizens. The borough should sell the property and use the proceeds to fund other borough needs, such as, new recreation initiatives or retiring debt associated with other open space purchases. Based on local real-estate sales, the team estimates a revenue enhancement of \$1.3 million.

One-time Revenue Enhancement: \$1.3 million

During the 1980's, the borough dedicated property, Block 114 lot 1 to multi-dwelling low-income housing. The tax collector's office reported the homeowners pay taxes on the assessed value on the home and land, but it appears the borough still owns the property. Retaining ownership exposes the borough to increased liability and raises questions about who is responsible for lawn and sidewalk maintenance. The team believes that it would be prudent to convey ownership of the property to the homeowners association that now oversees the property.

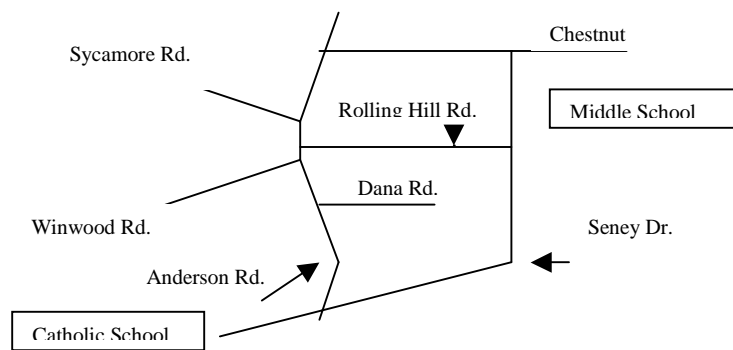
Recommendation:

The team recommends that the borough convey ownership of Block 114 lot 1 that is used for low income housing to the homeowners association.

Sidewalks

The sloping terrain, fast moving vehicular traffic and lack of sidewalks adjacent to the middle school presents both the borough and school district with the difficult challenge of providing students with a safe walking passage. Although the borough and the school district are jointly responsible for this issue, it was reported to the team that a strained relationship exists between them.

The team toured this area several times. Of major concern to the team was the lack of sidewalks on Anderson Road between Sycamore and Rolling Hill Road, and between Dana Road and Seney Drive. This area is a curved road at the crest of hill and is a major crossing area for students walking to the middle school and to the Catholic school on Seney Drive. Cars approaching the area cannot see either the students or the intersections on the opposite side of the crest. Rain and snow often force students to walk in the street, while cars approaching the crest often cross over the centerline to avoid children in the street. In addition, the borough does not assign a crossing guard on the intersection of Winwood and Anderson Road. The following diagram illustrates the situation:



In an attempt to resolve the situation, the borough installed blinking warning lights and assigned one crossing guard to the intersection of Sycamore and Anderson Road. However, the crossing guard still cannot control activity at the Anderson Road and Winwood Avenue intersection. Even with the warning lights, residents and interviewees reported “near” misses.

The team estimates that several alternatives would solve this situation. The borough can construct sidewalks, increase the number of school crossing guards, or provide courtesy busing. The team believes that the sidewalks may offer the best permanent solution for the students and residents. The team estimates that it would cost roughly \$40,425 to construct an estimated 1,056 feet of concrete sidewalks.

Recommendation:

The borough and school board should work together and review all options to limit the hazardous conditions to walking students in the middle school area. Options considered should include the construction of sidewalks, increase use of school crossing guards or courtesy busing. The team estimates \$40,425 for the construction of estimated 1,056 feet of concrete sidewalks.

One-time Value Added Expense: \$40,425

PLANNING AND ZONING

Planning Board

Overview

By state statute the planning board is comprised of 11 members (including two alternates) appointed by the mayor. There are four classifications of membership: 1) mayor, 2) elected official, 3) an official other than the elected person and 4) members from the general public. In Bernardsville, in addition to the mayor, membership includes a council representative, a member from the library board and six public members. The board schedules weekly meetings on Thursday night although it cancels meetings about once per month because of the lack of business.

The team reviewed the borough's planning documents and accounting records. The team also toured the borough on numerous occasions, and interviewed the zoning officer and the planning board's recording secretary. The team identified numerous examples demonstrating the borough's outstanding success in overall planning. These examples include:

- The borough established a variety of zoning types to permit appropriate development and yet maintains a "small town feeling." For example, residential zoning ranges from 5,000 to 50,000 square feet per lot in the "town center" and from 50,000 to 218,750 square feet per lot "outside town center."
- The master plan is current. Adopted in September, 2000, the master plan is a document prepared and adopted by the planning board to guide development that forms the basis for land use regulations. A master plan traditionally contains information on historic development, trends of development and the municipality's vision for future development.
- In April, 1999, the NJ State Planning Commission designated Bernardsville as a town center. The center is 1.4 square miles and consists of stores, shops, homes, apartments, offices, and two major supermarkets. This creates a walking community and limits dependency on the automobile. About 40% of the borough's population live in the town center.
- The borough works closely with the business community. The Bernardsville Business District Corporation is a nonprofit organization established to revitalize Bernardsville's downtown. This includes improving the shopping experience while retaining the small town atmosphere and addressing traffic needs. The Chamber of Commerce works with the corporation to plan events such as the holiday tree lighting, the Bernardsville fair and sidewalk sale, and the Saturday farmers market from May to October. The farmers market highlights New Jersey grown produce and operates in conjunction with the NJ Department of Agriculture.
- The borough works closely with regional groups. An example is the Somerset Alliance for the Future. This organization provides a forum of Somerset County public, private, and community leaders whose purpose is to enhance and preserve the quality of life for residents, employers and employees, now and in the future.
- A nonprofit group awarded Bernardsville five "Excellence in Downtown Development" awards. These included: Bernards Inn (1993); Millicent Fenwick Monument and Bernardsville Railroad Station Park (1996); Rehabilitation of 10-12 Minebrook Road, a commercial space (1993); Capodiferro Building a commercial space (1994); rehabilitation of Walters Garden Center (1993).
- Other groups in the borough are involved in the planning process. Two examples are the environmental commission and the shade tree committee.
- The borough facilitates coordination of planning efforts by having some zoning board members also serve as members of the environmental commission or the shade tree committee.

- In 1991, the borough was recognized as a “tree city.”
- The borough received substantive certification from the New Jersey Council on Affordable Housing (COAH). As of 1999, Bernardsville is in compliance. The borough did an outstanding job in subcontracting to build 26 units for about \$2 million and sold them for roughly the same price at which they contracted with the subcontractor.

The team commends the borough for its success in bringing together key stakeholders to set a vision for Bernardsville and to implement that vision so individuals, families and businesses can live and work together in a safe, healthy and diverse environment.

Planning Board Operations

The board processes roughly 20 applications per year. In 1999, the board brought in \$14,786 in application fees and \$54,998 in escrow fees. The board is staffed with an administrative officer and a recording secretary, both being borough employees. On average, each of these employees, spends about 20% of their time on planning board activities. The team analyzed the costs of these employees’ time using what the team refers to as position costs (includes fringe benefits). The position cost of these employees in 1999 was \$24,742.

Board of Adjustment

The board of adjustment is a quasi judicial body that has the authority to vary zoning standards involving the use of property and the placement of structures on the property when an application is made by a petitioner. The board also interprets zoning ordinances and the zoning map and hears appeals regarding decisions made by a borough official.

Under the municipal land use law the board is comprised of seven members and two alternates. Like the planning board they meet in a public setting in accordance with the regulations of the Public Meeting Act. Applicants that appear before the board provide written notice to property owners within 200 feet of the subject property that a variance is being requested. The public is given the opportunity to speak before the board decides on the application. Zoning board meetings are held twice a month at the borough hall.

The board meets on Monday night and always has one member who is also a member on either the borough’s shade tree committee or the environmental commission. This helps to coordinate any overlapping work among these groups. The borough is fortunate to have citizens willing to give this amount of time to enhance the functioning of their local government. All board members (including planning, zoning, and others) are recognized once a year at the reorganization meeting. Usually one member of a board is selected to receive a plaque from the governing body in recognition of their service to the borough.

Board of Adjustment Operations

In 1999, the board of adjustment processed about 17 applications and brought in \$15,500 in related fees and \$39,396 in escrow fees. The two employees noted above also staff the board of adjustment and complete other borough work as well. The zoning officer spends about 30% of his time on zoning related work; namely, reviewing applications to the planning or zoning board for subdivisions, site plans and use variances and preparing reports on these applications. The

position cost of this effort is approximately \$27,950. The other employee is an administrative officer and secretary who spends about 60% of her time on zoning work. The position cost of this effort is \$18,323. The combined cost of these positions is \$46,273.

Fees, Costs and Escrow Charges

The team reviewed the borough's fees and compared them to similar towns in the area. Generally, these fees appear to be in line with the charges of other local governments.

The combined staff cost for the planning and zoning boards is \$71,015 (Appendix 9). However, the total revenue from application fees is only \$30,286. This leaves a combined deficit to the taxpayer of \$40,729. This deficit is not due to low fees because they are currently in line with nearby communities, as noted earlier.

The team searched for reasons why the cost of these reviews far exceeds the revenue generated. Interviews with the zoning officer indicate that the cost to review these applications may be higher than previously believed, because the local ordinances passed over the past six years make these reviews more complicated. Some examples are fire protection access requirements, slope issues to preserve the environment and floor area to curtail overbuilding on a lot. The zoning officer's salary cost for these reviews is \$46,584.

An alternative approach exists to charge proper cost to applicants rather than to the taxpayer. These are called developers' escrow fees. These are normally used for engineering services, but in-house professional staff can sometimes charge their time to review an application to the developers' escrow account. Under N.J.S.A. 40:550-53.2a and c of the Municipal Land Use Law, municipalities may charge professional services and municipal employee costs against a developers' escrow account. However, the team's information from one legal expert suggests that in-house staff would have to be a licensed planner, engineer, health, or fire official. Since current staff are not licensed (except the fire official), the borough could not charge developers escrow accounts for these in-house professional services.

Recommendations:

The borough should consider at least three alternatives to reduce the approximately \$40,700 cost to taxpayers for reviewing applications to the planning and zoning boards.

Alternative #1: review the work currently done by in-house professional staff (salary cost \$46,584) and determine if it would be less expensive to contract for these services by licensed personnel (this alternative assumes that other work is found for the in-house professional personnel).

Alternative #2: when in-house professional staff leave the borough, consider filling the position with licensed personnel.

Alternative #3: consider combining the planning and zoning boards into one land use board. Efficiencies may result from the reduced number of separate meetings and combined administrative and professional efforts.

UNIFORM CONSTRUCTION CODE (UCC)

This analysis of the UCC function is based on information from several sources. The team interviewed the department head and the control person. The team reviewed the office's operations, audits and personnel data for the years 1995 through 1999.

The construction code office is staffed Monday through Friday, from 8:30 am to 4:30 p.m. The department head serves as the construction official, sub-code official, and the plumbing inspector. The department head position is shared with Mendham Borough through an inter-local agreement. Each borough receives 17.5 hours of time from this full-time, 35 hour per week person. The inter-local agreement, established by ordinance, allows the construction official to handle inquiries while he is working at the other borough. The construction official is serving his second four-year term, under the ordinance.

The total expenses and revenues for the UCC function are shown in the table below. In the past three years, the office operates with a small surplus.

UCC Revenues and Expenses 1995-1999

	1999	1998	1997	1996	1995
Revenues	\$185,114	\$165,032	\$132,809	\$115,810	\$95,242
Expenses					
Salaries	\$111,194	\$94,670	\$85,953	\$83,191	\$74,295
Operating	\$51,907	\$38,548	\$39,427	\$35,989	\$35,211
Total	\$163,101	\$133,218	\$125,380	\$119,180	\$109,506
Surplus (Deficit)	\$22,013	\$31,814	\$7,429	(\$3,370)	(\$14,264)

The team found it difficult to identify precisely the amount of staff hours worked in the UCC function. This occurred because some borough staff working in more than one function did not keep precise time records. For example, one clerical person was shared between the assessor's office and UCC. This was a good idea because they work in close proximity to one another. Originally, the clerical person was to spend 80% of their time working in the assessor's office and only 20% working in the UCC function. However, after talking with relevant personnel, the team estimates that the percentage of work time allotted each office was actually reversed. In terms of professional staff, the borough allocates five hours each week to the UCC function from the director of public works and five hours from the zoning officer.

Recommendation:

The borough should ensure that personnel who work in multiple functions keep accurate records of their time. This will enable costs to be properly allocated and staffing needs to be precisely determined.

Using the best available information, the team estimates that the total weekly work hours for all personnel in the Bernardsville UCC function is normally 75.5 hours per week (2.2 FTE). This is seven hours more than currently staffed. The difference is due to less clerical assistance. The current clerical staffing is 30 hours, rather than the normal 37 hours.

UCC Staffing 1999

Activity of Each Person	Weekly Hours
<i>Professional Staff</i>	
Building & Plumbing (dept. head)	17.5
Building "as needed staff"	5.0
Building "as needed staff"	5.0
Subtotal	27.5
Fire Sub-code	3.0
Electrical Sub-code	8.0
<i>Clerical Staff</i>	
Control Person	25.0
Clerical Assistant (shared w/ assessor's office)	7.0
Clerical Assistant "as needed staff"	5.0
Subtotal	37.0
Grand Total	75.5

To help determine the staffing needs for the UCC function the team received assistance from the Department of Community Affairs' Building and Construction Code Office. In terms of clerical support, DCA indicated that 45 hours were needed. In 2001, the borough staffed the clerical support function with seven less hours because one person resigned and the department head thought that he could operate without replacing these hours. However, the team's analysis indicates that at least 37 hours are required to meet workload demands.

Recommendation:

The borough should add seven clerical hours per week to the UCC function for a total of 37.0 hours. The borough should not increase the hours to the recommended 45 until it accurately accounts for all hours provided by borough personnel to the UCC function. The cost of these seven hours per week is approximately \$3,640.

Value Added Expense: \$3,640

In terms of the normal time allocated to construction code, building sub-code and plumbing, DCA found that the borough could allocate up to 60 hours per week to these activities. However, normal staffing for Bernardsville is less than half of that, at 27.5 hours per week. Discussions with all personnel involved indicated that adding more time to these activities would enable the following to be done:

- The borough would be able to do more follow-up inspections. Currently, many permits are left open because staff does not have the time to complete a final inspection to make sure that the job was completed as proposed. This means that, in some cases, homeowners may be giving final payments to contractors when work is not completed according to code.
- UCC personnel would be able to complete a more quality review of plans rather than rushing to complete the workload.
- UCC personnel would be able to visit more sites to monitor construction more closely.
- UCC personnel would be able to develop in-depth expertise by focusing more on one area. Currently, the department head is the construction code official, building sub-code, and plumbing inspector. Providing more hours would enable personnel to gain more in-depth information in one area.

Recommendation:

It is recommended that the borough hire a part-time building code officer to work at least 10 hours per week. This would bring total professional staffing to 37.5 hours. This is still far below the 60 hours that appear to be necessary after reviewing the workload. The borough should not increase the hours to the 60 until it accurately accounts for the hours provided by borough personnel to the UCC function. The cost to add a 10-hour per week building code officer would be \$15,000 (\$30 per hour x 500 hours per year).

Value Added Expense: \$15,000

The construction code office charges fees to help fund the costs of operations. A review of these fees indicates that they are substantially below those of surrounding communities. The team estimates that to pay the costs of the additional personnel recommended above, that the borough would need to increase fees by an average of 10%.

Recommendation:

The borough should increase the fees charged by the UCC function an average of 10%. This should increase revenue by approximately \$18,500 and will pay for the costs of adding necessary personnel.

Revenue Enhancement: \$18,500

SEWER UTILITY

Overview

The team reviewed the costs and operations of the sewer utility by touring the plant, interviewing staff and management, and reviewing five years of audit reports.

The sewer utility has 1,758 connections of which 1,572 or 89.4% are residential and 186 or 10.6% are commercial. The revenues and expenses for the sewer utility over the past five years (1995-1999) are shown in the table below. The sewer utility's yearly average revenue is about \$1,019,000. The major portion of revenue is derived from the annual service charge.

Sewer Utility Revenues and Expenses 1995-1999

	1999	1998	1997	1996	1995
Revenue					
Sewer Service Charges	\$785,962	\$767,707	\$760,317	\$760,822	\$734,336
Operations Surplus Anticipated	\$140,757	\$95,942	\$81,796	\$35,516	\$206,414
Connection Fees	\$72,776	\$68,637	\$96,199	\$68,250	\$109,073
Miscellaneous	\$24,882	\$31,669	\$104,147	\$110,248	\$42,031
Total Revenue	\$1,024,377	\$963,955	\$1,042,459	\$974,836	\$1,091,854
Expenses					
S/W	\$182,999	\$176,000	\$164,000	\$155,000	\$140,000
Other	\$303,899	\$300,000	\$285,000	\$300,000	\$311,500
Cap. Improvement	\$50,000	\$50,000	\$20,000	\$25,000	\$195,000
Debt Service	\$420,657	\$410,842	\$425,746	\$325,837	\$328,414
Other	\$16,200	\$15,100	\$15,050	\$12,800	\$14,166
Total Expenses	\$973,755	\$951,942	\$909,796	\$818,637	\$989,080
Excess Revenue	\$50,622	\$12,013	\$132,663	\$156,199	\$102,774
Fund Balance/January 1	\$322,143	\$406,071	\$355,202	\$234,517	\$338,156
Total Fund Balance	\$372,765	\$418,086	\$487,867	\$390,718	\$440,931
Used Anticipated Revenue	(\$140,757)	(\$95,942)	(\$81,796)	(\$35,516)	(\$206,414)
Fund Balance 12-30	\$232,008	\$322,144	\$406,071	\$355,202	\$234,517

The utility's annual expenditures are about \$970,000. The largest portion of expenditures is for debt service, followed by "other" (mostly sludge hauling costs), salaries and wages.

The review of the differences between the revenues received and the expenses appropriated indicate that the utility normally has a fund balance of \$232,073. This seems appropriate given the size of the revenues and expenses.

The sewer plant is adjacent to the municipal complex. A state certified operator and three maintenance laborers staff the sewer plant operation (maintenance staff was recently increased from two to three). The sewer plant is staffed seven days per week, 24 hours a day, 365 days per year. This requires overtime from the regular staff and occasional assistance from the staff of the department of public works.

Bernardsville charges sewer fees that are set by ordinance. The average residential fee for 1999 was \$389, the minimum and maximum fees are \$245 and \$650 respectively. In terms of commercial fees, there is a minimum fee of \$245 but no maximum fee. Actual billing for residential and commercial customers is based on the amount of water used by each entity, which is reported by the water company.

The earlier analysis in the department of public works indicated that problems existed with accurately tracking the allocation of DPW personnel. DPW personnel occasionally work at the

utility. This work includes sewer line work and weekend inspection of the plant's operational status. Because the sewer is a utility, the borough makes every attempt to charge road division salaries to the utility's account, when appropriate.

This data shows only 15 workdays of DPW personnel working for the sewer utility. However, a review of time records indicates that this significantly understates the allocation. Accurate tracking of DPW personnel working in the sewer utility is critical because the sewer ratepayer rather than the general taxpayer should pay all significant costs.

Recommendation:

The sewer utility should accurately identify the amount of time spent by DPW personnel, who are temporarily allocated to the utility, and reconcile this information with the supervisor of streets and roads.

Analysis

A review of relevant documents and interviews with the sewer operator indicate that the utility does not have a mission statement or an organization chart. These are important tools for organizing and directing employee effort. The supervisor does a good job in managing the employees and the plant operation; however, the supervisor lacked knowledge of costs of personnel and capital expenses and referred such questions to the borough administrator. The team believes that in addition to managing operations, supervisors should know all operating expenses in order to properly manage and control operations.

Recommendation:

The utility supervisor should expand his management of the sewer utility by developing an organization chart, a mission statement and using financial information to manage operations.

The team reviewed operating efficiency in terms of staff. The sewer utility is staffed Monday through Friday and a two person crew works half days on Saturday and Sunday. This type of operation challenges a small staff because of the need for vacations, sick days, and holidays. In addition, some jobs require two people for safety reasons. Because of the relatively small number of staff, DPW staff supplements the utilities operation both during the normal workday and on weekends. This weekend work mostly involves checking the six pumping stations and clearing debris from the filters. Safety concerns require two people, and because this work occurs on the weekend, it involves overtime. In 1999, overtime totaled \$8,983. Options exist to reduce overtime that the borough has not pursued. For example, one person can be hired in the future with a permanent schedule of Tuesday through Saturday. This would eliminate the overtime of one person. Pumping stations can also be modified to permit removing debris safely with one person although this involves some additional costs to modify the station.

Recommendation:

The utility should analyze whether or not overtime can be reduced by: 1) setting up a permanent Tuesday through Saturday schedule and 2) investigating if pumping stations can be modified to permit weekend work to be completed with one, rather than two people.

The team reviewed operating efficiency in terms of cost per gallon of sewerage processed. This is not a precise measure because of both the different type of discharge sites e.g., ground, river, stream, and the different standards set for each type. Moreover, these standards can vary by location in the state. Nevertheless, the team calculated Bernardsville's sewer utility costs. The team estimated the additional cost of the person recently added to the utility to be \$40,000 with fringes. This increased total costs to \$1,013,755 (\$973,755 plus \$40,000). The team then divided this cost by the number of yearly gallons of 182,500,000 (500,000 gal. daily flow x 365 days/yr.). This indicates that the cost per gallon is \$.006 or just over a half-cent per gallon.

Our discussions with experts in the field indicate that this cost is reasonable. The utility has kept cost to a reasonable level by implementing several improvements. As listed below, the utility has reduced costs by tens of thousands of dollars by:

- Using two, rather than four, processing tanks which reduce chemical cost.
- Decanting water from sludge tanks, which reduces equipment usage.
- Thickening sludge from 5% to 4%, thereby, increasing density and reducing the required number of truckloads to haul the sludge.
- Using chemicals at specific times to reduce processing costs.

The team commends the sewer utility for meeting DEP operating standards and for operating with an efficient number of staff.

It appears that the facility may have high power consumption costs. The team believes that they may be able to reduce this power consumption somewhat by back-washing multimedia filters during non-peak electric usage periods.

BERNARDSVILLE PUBLIC LIBRARY

The Bernardsville Public Library has served the community for over 90 years. Originally located in an historic building on Morristown Road, the library relocated to a new \$5 million facility in January, 2000. The planning process for the new library took 10 years to complete. It is a beautiful building and a major source of pride to the community. The library's square footage increased from 12,800 to 17,000. This enabled the library to accommodate its extensive services such as circulation and reference centers, provide an area for children and adult activities, and offer a computer training room. The library owns 68,758 volumes and it offers 469 adult and 600 youth programs serving 8,182 and 15,850 patrons, respectively.

The mayor appoints and the governing body approves an eleven-member library board that oversees library operations and policies. In addition, a Library Association was established in

1905 to operate the library. In 1979, the borough took over the library and the Association changed its name to the Friends of the Bernardsville Library. The library enjoys a robust patronage. Residents and non-residents from nearby towns (with reciprocal agreements) use the library extensively. Of the 9,428 active patrons, 74% or 6,976 are borough residents. Operating seven days week, the library boasts numerous awards including the New Jersey Library Public Relations Award for the library's newsletter and recognition from Hennen's American Public Library Index that rated the library 6th out of 1,500 libraries from across the nation serving a population of 5,000 – 9,999. No other library in New Jersey made the Hennen's list.

The team commends the library for its outstanding patronage and award-winning programs. The library is ranked 6th on Hennen's American Public Library List among the nations 1,500 busiest libraries serving populations of 5,000 to 9,999.

Salaries and Expenditures

The team sometimes uses 2000 cost when analyzing the library, because this was the first year the library operated in its new building. The library employs three certified full-time and 12 part-time employees at a 2000 cost of approximately \$224,555. The director, children's librarian and circulation positions are full-time positions. All other positions, technical, financial, clerical, and personnel are part-time, ranging from five to 30 hours per week.

In 1999 and 2000, library expenditures totaled \$466,398 and \$558,375, respectively. The 16% increase was the result of the move to a larger facility and reflected increased facility, rather than staff, cost. Of the 2000 expenditures, \$324,420 or 54.1% is for salaries and \$275,545 or 45.9% is for OE. The board issues a monthly payroll. The bank pays the cost of payroll service as part of its service to the library. The three full-time employees receive health benefits through the borough although the library reimburses the borough for this expense. During the 2000 and 2001 budget years, the library was forced to reduce operating reserves by \$26,575 and \$21,675, respectively, to pay for increased heating costs, as discussed below.

Comparative Analysis

As part of the review, the team performs a comparative analysis using the 1999 New Jersey Public Library Statistics Report. The team selected Bedminster/Far Hills, Rumson, and the Fairfield libraries for comparison because they served similarly sized populations. The following table shows the comparisons:

Comparative Analysis of the 1999 New Jersey Public Library Statistics and Analysis				
Library	Bernardsville	Bedminster/ Far Hills	Rumson	Fairfield
<i>Library Type</i>	<i>Municipal</i>	<i>Municipal</i>	<i>County</i>	<i>Municipal</i>
<i>County</i>	<i>Somerset</i>	<i>Somerset</i>	<i>Monmouth</i>	<i>Essex</i>
Population Served	7,085	9,534	6,866	7,303
Hours Open Weekly	62	56	40	53
Total Circulation	188,373	96,110	40,522	58,617
Circ Per Hours Open	58.43	33.00	19.48	21.27

Income:				
Local Tax	\$448,000	\$482,870	\$54,000	\$488,010
State Aid	\$7,082	\$6,742	\$857	\$6,539
All Other Operating Revenue	\$87,977	\$41,695	\$74,379	\$27,200
Total \$ (includes all revenue)	\$543,059	\$531,307	\$129,236	\$521,749

Expenditures:				
Salary, Wage & Benefits	\$297,050	\$346,326	\$75,332	\$258,381
Library Materials	\$92,847	\$92,030	\$11,997	\$80,401
Total \$	\$466,398	\$569,603	\$126,977	\$429,348
Per Cap Local Expenses	\$65.83	\$59.74	\$18.49	\$58.79

Equalized Valuation x 1,000*	\$1,230,141	\$1,542,697	\$1,224,791	\$1,564,719
Minimum funding per N.J.S.A. 40:54-8	\$410,047	\$514,232	\$408,263	\$521,572
Funding over (under) N.J.S.A. 40:54-8	\$37,953	\$55,371	(\$281,286)	(\$92,224)
Percentage of Additional (Under) Funding	8.14%	9.72%	-221.53%	-21.48%
Local Tax Support Per \$1,000 Eq. Eval.	0.36	0.31	0.04	0.31
Local Tax Sup Per Capita	\$63.23	\$50.65	\$7.86	\$66.82
Local Tax Sup % of Total Inc	82.5%	90.9%	41.8%	93.5%

Total Expenditures Per Capita \$	\$65.83	\$59.74	\$18.49	\$58.79
Salary, Wage & Ben per capita	\$41.93	\$36.33	\$10.97	\$35.38
% of Salary, Wage & Ben to Exp.	63.7%	60.8%	59.3%	60.2%
Material Exp. Per Capita \$	\$13.10	\$9.65	\$1.75	\$11.01
% of Lib Mat to Total Exp.	19.9%	16.2%	9.4%	18.7%
Tot Exp. Per Circulation	\$2.48	\$5.93	\$3.13	\$7.32
Total Exp. Per Hour Open	\$144.66	\$195.61	\$61.05	\$155.79

Staffing				
Professional Certified	2.0	4.0	1.0	1.0
Full-time (30 hrs. per week)	3	6.0	1.0	5.0
FTE (Total # Emp. Hrs./30hrs)	7.6	10.6	2.3	9.0
Percent of Certified to Total FTE	26.3%	37.7%	43.5%	11.1%
FTE Per M Pop (1,000 population)	1.07	1.11	0.33	1.23
Circ. Per FTE	24,786	9,067	17,618	6,513
FTE Per Week Hours Open	12%	19%	6%	17%

Volumes				
Owned	68,758	89,667	34,710	60,616
Per Capita	9.70	9.40	5.06	8.30
Purchased (\$16.63 – Avg. price)	5,348	4,788	570	2,262
% Volumes Added 12/31/99	8%	5%	2%	4%
Subscribed Periodicals	132	187	54	134
Circ. Per Capita	26.6	10.1	5.9	8.0
Circ. Per Vol. Held	2.7	1.1	1.2	1.0
Vols. Added Per Capita	0.75	2.21	5.06	8.30

Out of 312 Libraries Bernardsville rated 154 in support from tax per cap.

*For County Library, Equalized Valuation is the total of all municipalities that provide support.

The team determined that the library appears to be understaffed for two reasons. First, in 1999, the library had a yearly circulation of 188,373 or 58 books per operating hour. The Bedminster/Far Hills library had a circulation of 96,111 or 33 books per operating hour. Second, using annual circulation per full-time equivalents (FTE), Bernardsville's Library averaged 24,786 per FTE, while Bedminster/Far Hills averaged 9,067 per FTE.

The library increased the number of certified staff to three in 2000, but the team believes that it is still understaffed. Bernardsville has the highest circulation of all the comparison libraries; however, its staffing is below Bedminster/Far Hills in terms of certified positions and below Fairfield in terms of full-time equivalents. Interviews with the staff, and a comparison with similar libraries support the addition of a full-time employee, possibly a reference librarian. Even with this addition, the library would retain the highest circulation per FTE of the comparison group.

It was proposed to the team that the library's 1999 total circulation (188,373) was overstated because a nearby library was temporarily closed. However, the 2000 circulation rate was 170,428 even though the Bernardsville library was closed for six weeks because of the move to the new library.

Recommendation:

The team recommends that the library hire a full-time librarian, at an annual cost of \$40,000 (including fringe benefits).

Value Added Expense: \$40,000

When comparing revenues, the team found that Bernardsville received 8.14% over the required 1/3 mill funding. This was less than Bedminster/Far Hills 9.72%, but substantially higher than the Rumson and Fairfield libraries that both were well under the state mandated funding level. However, it is important to recognize that Bernardsville circulation rate is three times higher than both Rumson and Fairfield.

The team analyzed the possibility of the borough joining a county library system. As the comparative table shows, the Rumson library operates well below the 1/3 mill funding. If the library joined the county system, the Borough of Bernardsville would achieve savings because the county would pay operating, but not debt service costs. However, the team recognizes that the Bernardsville Library is a major source of pride for the community and joining a countywide system may not be politically feasible. In addition, the LGBR unit has never seen contributions as large as those received from the Bernardsville Friends of the Library Association. These contributions would probably decline if the borough were to join a county system.

Technology

The library has 17 networked Pentium III computers that access the Internet through a T1 line piped from the county community college. The majority of the computers are centrally located with seven computers in a lab near the children's section. A local corporation generously

donated the 16 computers, one server, printers, and peripherals, at an estimated retail value of \$50,000. As the computers are all under warranty, the library has little maintenance cost. A part-time employee handles network administration.

The team commends the library for establishing positive relationships with the business community. These relationships resulted in a corporate donation of computers worth \$50,000.

The team identified two major technology issues; first, the lack of virus scanners and secondly, the use of a non-network based operating platform. The library assured the team that the virus scanners would be installed as soon as possible. The existing operating platforms on the PC's allow patrons to access sensitive areas of the local drive and download and install software from the Internet. This has led to the network administrator spending additional time purging non-authorized software from each PC. The library plans to replace the current operating platform with one that is designed for networks and offers better security.

Photocopiers

The library procured its three existing photocopiers through the bid process. However, it was unable to produce original contracts for the purchases or detailed expenditures for maintenance. Because of the age of the public use copier, during the review the library was soliciting quotes for a new machine. Using copier consumption rates from the library, the team compared the quotes received against the State CPC T0206 Contract (see MIS section for the borough for more contract details).

The library obtained both lease and commission based proposals for a coin operated copier for public use. The team analyzed both methods. The lease proposal was a three-year contract for \$2,078 per year including maintenance. A three-year state cost-per-copy contract (T0206) including maintenance would cost \$1,123 per year (based on 4,400 copies per month). The state contract would be \$955 less per year. Adding a coin operation device and charging .10 per copy, the library would earn \$5,279. Subtracting the \$1,123 for the state contract, and \$356 for paper and the coin machine the library would net \$3,800.

The other alternative is a commission contract. The vendor would assume all costs (including paper) and would pay the library a 45% commission. Based on estimated revenues of \$5,280 (4,400 copies per month x 12 months x .10), the library would earn a commission of \$2,379, or \$1,420 less than the \$3,800 under the state contract. The team provided the library with a copy of these findings and a copy of the state contract.

Recommendation:

At the time of the review, the library was considering replacing its public use copier either through leasing one or obtaining one through a commission arrangement. The team's analysis indicates that if the library chooses leasing, it will save \$955 by using the state cost-per-copy contract. If the library obtains a copier through commission, it will cost \$1,420 more than leasing. Therefore, the library should lease its public use copier under the state's cost-per-copy contract.

Cost Savings: \$955

Cash Management

The library maintains four bank accounts; short-term investments, general operating, agency (payroll), and restricted funds (i.e., grants). The team focused on the investment and general operating accounts because the other accounts had nominal balances. General operating funds are disbursed through a non-interest-bearing checking account at a local bank. The library prefers to maintain banking through a local bank to facilitate community relations. Therefore, it does not periodically receive competitive bids for its banking business from banks in the area.

The team determined that the non-interest bearing general operating account is appropriate given its low balance (\$7,629) and the fact that the bank provides free payroll services.

The investment account's average daily average balance was \$150,557. With a 3.24% APR, the library earned \$4,829 in 2000. Comparing this yield to another local bank found the library could earn 6% or an additional \$3,175 per year. In order to achieve this rate the library must periodically solicit bids for banking services.

Recommendation:

The library currently earns 3.24% interest on its investment account. The team's analysis indicates that the library can increase annual interest earnings by \$3,175 if it receives competition for its banking business.

Revenue Enhancement: \$3,175

Plant Operations

The team analyzed the 1999 and 2000 utility expenses to compare utility costs between the old and new library. The following table provides the cost data:

1999 & 2000 Utilities Usage

Utility	1999	Cost Based on 12,800 Sq. Ft.	2000	Cost Based on 17,000 Sq. Ft.
Heating & Electric	\$13,414	\$1.04	\$49,033	\$2.88
Telephone	\$6,841	.53	\$11,500	.67
Water	\$633	.04	\$2,143	.12
Total	\$20,888	\$1.61	\$62,676	\$3.67

The data indicates that heating and electric increased from \$1.04 per square foot in 1999 to 2.88 per square foot in 2000. This is an increase of \$1.84 per square foot or 276%. The team consulted with three experts regarding these large cost increases. They generally agreed that the relative cost per square foot should have remained similar even with the cathedral ceilings in the new building because of efficiencies associated with new construction. The team concluded that the cause of the increase was primarily due to the borough substituting electric for gas heat in order to lower construction costs. As a result, the library board was forced to use part of their reserve balance to pay for heating and electric cost. Continued reduction of the reserve may ultimately result in increased funding by the borough.

The borough provided the team with a construction quote estimating \$170,000 for the installation of a natural gas system in the upper portion of the library. The firm estimated annual savings of approximately \$27,000, which generates a payback period of 6.3 years. In addition, the team believes that the installation of computerized thermostats with locking covers and motion sensors attached to electrical switches should yield an additional 5 – 10% savings or \$1,000 per year. These upgrades would cost an additional \$5,000. The total annual savings from these improvements would be \$28,000. A \$175,000 ten-year bond issuance at 5% interest and \$17,500 in fees would cost roughly \$22,450 annually. This cost is \$5,550 less than the yearly estimated savings from using gas heat and new thermostats of \$28,000.

Recommendation:

The borough should convert the heating system in the library from electric to gas. Consultations with facility experts determined that heating the library with gas and installing other heating improvements would decrease annual operating costs by approximately \$28,000. Bonding the \$175,000 cost to convert to gas heat and implementing other efficiencies would cost approximately \$22,450 per year or \$5,550 less than the estimated yearly savings. The team estimates bond fees to be a one-time value added expense of \$17,500.

Cost Savings: \$5,550

One-time Value Added Expense: \$17,500

Custodial Services

The library competitively bid cleaning services and awarded an annual contract in November, 2000 for \$12,000. With 17,000 total square feet, the library has a “cleanable” space of approximately 15,300 square feet. With a \$12,000 annual cost, this equals \$.78 cents per square foot for cleaning services. The library also supplies the vendor with paper products. The paper products cost an additional \$.07 cents per square foot. Therefore, the total cost per square foot is \$.85 cents per sq. ft. (.78 for cleaning and .07 for paper). The team finds this cost well within LGBR’s benchmark cost of \$.75 cents to \$1.00 per square foot.

The team commends the library for obtaining cost effective prices for its cleaning service. This resulted because the library received competitive bids for its cleaning needs.

Friends of the Library/Garden Club

The Bernardsville Friends of the Library Association was established in 1902. From 1902 to 1979, the Friends provided all the funding for the library, including the additions to the old library. In 1979, the borough became responsible for the library and paid the Association approximately \$295,911. As noted earlier, the association then changed its name to the Friends of the Bernardsville Library and continued to actively fund it by raising over \$1.5 million to construct the new library, including the architect’s plans. The Friends also provided \$401,493 for the interior furnishings at the new library and annually contributes about \$25,000 for various activities such as children and adult programs, and the monthly newsletter.

The library also has a strong garden club that provides limited landscaping services. The Bernardsville Garden Club provides flowers, shrubbery, and saplings. In one instance, the club

was able to procure free plantings from a local landscaper that was discontinuing operations. The club, through fundraising efforts, also provided the new library with an underground irrigation system.

LGBR commends the Bernardsville Friends of the Library Association for contributing nearly \$2 million to the Bernardsville Library.

LGBR commends the Bernardsville Garden Club for their valuable landscaping services to the Library.

History Room

The history room in the library offers residents an impressive collection of Bernardsville historical documents. The room is maintained by the local Historical Society. The history room was originally formed in 1970 when a local bachelor Edwin S. Spinning died and left the library an extensive collection of local historical documents. When the borough constructed the new library, it included a climate-controlled history room.

The historical society also owns many of the historical pictures and artifacts that are located in the borough hall.

The history room has an operating budget of approximately \$1,000, funded entirely by the Friends of the Library and staffed by volunteers. In an effort to help meet operating expenses, the history room compiled two Bernardsville history books that sell for \$15 each. The room estimated revenue sales at \$1,571.

The team was impressed with this extensive collection, but found that the room had approximately 15 historical maps dating back to the civil war that were deteriorating. The historical society reported they were having difficulty preserving the maps because of the restoration cost.

Recommendation:

The team recommends that the borough and historical society work cooperatively to find grants or other funds to preserve 15 historical maps of Bernardsville.

Analysis of Library Oversight

During the review, the team found that some strained relationships exist among the library board, the library association, the borough's governing body, and the library staff. The team reviewed this issue because the library is a major asset to the community and these strains have had, and will continue to have, negative impacts on library costs and operations unless they are addressed. These strains were reflected in numerous newspaper editorials, public meeting notes and team interviews with board, association members and staff.

These strains appear to have led to delays in building the library (which increased costs), in staffing it, and in planning for future expansion. For example, in terms of planning for future space, the new facility includes 9,800 square feet on the lower level. The library hoped to lease

this space for 10 years and then use it to meet its expected future growth needs. However, the governing body leased the lower level for 20 years. As far as the team could determine, this was done without a plan to address the library's future growth needs.

In terms of operations, the team believes that two issues exist. One is the tendency of the governing body and the library board to try to micromanage the library. Some examples include trying to influence which type of copiers to purchase, which job descriptions to use, which custodial services to use, etc. The team believes that the governing body and the library board should set general policies and guidelines and then monitor the director's implementation of them. The other operating issue is the existence of a staff morale problem.

Only the parties involved can address these issues; however, the team is presenting some alternative approaches in this report to stimulate discussions. The team has found several approaches that have helped to resolve organizational strains and micro-management issues. One is to obtain assistance from a group process facilitator, who is an expert in libraries and their oversight. Another approach is to have representatives from each group work together and do volunteer work a few hours a week at the library. A third approach is to develop a consensus on the roles between an oversight entity and the library staff. Existing documents can serve as a model to begin the discussion on roles. For example, the NJ State Library has a collection of Codes of Ethics for Libraries which, among other things, usually spell out the distinctions between oversight and operating roles.

Recommendation:

The team recommends that the governing body, the library board and the library association work together to improve its oversight of library planning and operations.

HEALTH DEPARTMENT

In 1999, the borough contracted for local public health services from Bernards Township at a cost of \$56,672. Bernards Township also provides health services to the Borough of Far Hills, Township of Bedminster, Borough of Peapack-Gladstone, Township of Mendham and the Borough of Chester. Together the group calls themselves the Somerset Hills Municipal Health System. The following table outlines the contractual costs for all participating municipalities.

Municipality	1999 Contractual Cost
Bedminster	\$55,672
Bernards Township	\$119,970
Bernardsville	\$55,672
Chester	\$7,948
Far Hills	\$17,125
Mendham Borough	\$32,415
Mendham Township	\$57,507
Peapack/Gladstone	\$17,125

The health system bases the fee structure on a combination of usage (50%) and population data (50%) from the 1990 census. Usage is defined as the prior three years activity. The 1999 contract reflects the borough's 1996, 1997 and 1998 usage of rate 11%, 19%, and 16%, respectively. The borough's 2000 contribution increased to \$64,505. This occurred because its 1999 rate increased to 18% and its 1996 rate of 11% was eliminated from the formula. A comparison of the existing formula to a straight usage formula found the census component serves as a cost containment mechanism to the borough, saving approximately \$5,000.

The Somerset Hills Health System offers borough residents health clinics to prevent illness and to promote overall health. The following table outlines the 1999 clinics and participation by the municipalities.

1999 Clinical Services

Clinical Services	CHC	Health Screening	Male Cancer Screening	Skin Cancer Screening	Flu Clinic	Pneumo Clinic	Total
Bedminster	23	20	5	1	1	0	50
Bernards Twp	48	349	64	37	287	46	831
Bernardsville	44	104	15	11	31	14	219
Chester	9	2	5	0	25	4	45
Far Hills	1	23	4	6	12	1	47
Mendham Boro	14	36	8	13	17	1	89
Mendham Twp	14	10	0	0	7	2	33
Peapack/Gladstone	4	33	1	0	7	1	46
Other		106	9	6	6	1	128
Total	157	683	111	74	463	70	1,558
CHC – child health conference (immunizations) Pneumonia Shots							

In addition to providing health clinic services, the health system inspects restaurants, food establishments, new or modified septic systems, wells, and soil, and public pools. Bernards Township provides the borough with detailed monthly activity reports. The following table provides detail of 1999 inspections:

1999 Bernardsville Health Department Report

Type of Inspection/Work	# of Field Inspections*	% of Work	Total Hours
Administrative	100	25%	359
Air/Gas Stations	5	1%	16
Field Inspections	201	51%	671
Food Inspections	43	11%	136
Complaints	21	5%	65
Rabies Control	17	4%	70
Misc.	9	2%	29
Total	396	100%**	1,346
Total Fees Collected 1999	\$34,115		

*Field inspections include soil testing, septic, well and public pool inspections.

** Does not add up due to rounding.

The team analyzes fee structures to ensure that fees cover the cost of inspections. The team focused on “field inspections” because it comprised the largest percentage of the inspection work. The team excluded the other categories because they involve smaller percentages of inspection work. However, the team completed a cursory review of food licenses because Bernards Township raised these fees in 2000. The team found these fees appropriately set at roughly 6% above the cost of the inspection. This avoids annual changes to fees. These food-licensing fees should be reevaluated in 2003.

The category “field inspections” comprises 51% of the work. This category includes septic, soil, well and public pool inspections. The purpose of the inspection is to ensure that the contractor performs the work according to acceptable standards, thus protecting current and future homeowners.

Using the salaries listed in the health contracts and data provided by the Bernards Township Health Department, the team proportionately assigned salary cost to inspection type according to the above percentages. The following table outlines the team’s findings.

Field Inspection Type	1999 Fee	LGBR Estimated cost per Inspection	Estimated (Loss)/Profit	Recommended Fee
Septic				
Repair	\$75	\$157	(\$82)	\$200
New	\$500	\$515	(\$15)	\$560
Alteration	\$200	\$449	(\$249)	\$500
Soil Testing				
Alteration	\$100	\$119	(\$19)	\$160
New	\$100	\$142	(\$42)	\$190
Subdivision	\$100	\$136	(\$36)	\$180
Well				
Casing	\$200	\$149	\$51	No Change
Pitless	\$200	\$120	\$80	No Change
Public Pools	\$200	\$136	\$64	No Change

The team believes the approximate 8% over the LGBR cost per inspection would allow for inflation through 2004, at which time the borough should re-evaluate the fee schedule. Based on 1999 permit applications and inspections, the team feels this will result in a \$8,085 revenue enhancement.

Recommendations:

In a fee structure analysis, it appears the Bernardsville Board of Health fees for septic and soil applications do not appear to cover licensing costs. It is, therefore, recommended the borough increases fees for septic and soil applications for a revenue enhancement of \$8,085.

Revenue Enhancement: \$8,085

SENIOR CITIZENS

The Bernardsville Senior Citizen Center operates under the auspices of the county government in the basement of the Sacred Heart Chapel, located in the Little Italy section of town. The local church provides the basement rent-free. The center is responsible for utilities, which are paid for through the generosity of an endowment. The center operates from 10 a.m. – 1 p.m. and offers seniors meals for a \$1.50. For an additional .50 cents, the center will deliver these meals to the home. This service is available every day. The center also holds health fairs, access to dieticians and numerous social activities. According to the director of the center, there are approximately 50 participants with an average attendance of 30 people.

At the time of the review, the director was not aware that the borough participated in the Somerset Hills Municipal Health System. This system offers additional services that the senior population could use. During the review, the team linked both parties together in order to facilitate more services to the borough's senior citizens.

RECREATION UTILITY

Overview of Recreation Utility

The borough offers extensive recreation services to residents including swimming, after school programs, athletic programs, field trips and crafts. The athletic director designs recreation programs for citizens aged three to seniors. The team identified over 180 programs with about 2,300 participants. The following table shows the recreation and swimming facilities, their address and the activities offered:

Park	Location	Activities
Bernardsville Municipal Pool	Seney Drive	Olympic, Children, & Toddler Pools and Picnic Grounds
Claremont Field	Claremont Road	Little League Baseball, Basket Ball & Softball
Claremont Field House	Claremont Road	2,000 Sq. Ft. Rental Facility
Kiwanis-Rotary Field	Park Lane	Little League/Softball
Peter Park	Park Lane	Children's Playground
Polo Grounds	Seney Drive	Soccer, Football & Baseball Fields

The polo grounds represents the largest tract. It is owned by the borough and is used for daily recess and athletic activities. In a quid pro quo relationship, the school district allows the utility to use school grounds during the summer months.

The team commends the school district and recreation/swimming utility for sharing facilities.

Bernardsville originally established a commission to oversee swimming pool/recreation activities. In 1995, the borough dissolved the commission and created a department of recreation. This was done to consolidate administrative effort and involved transferring revenues

and surplus to the general borough revenue accounts. In 1997, the borough abolished the department of recreation and established the Bernardsville Swimming and Recreation Utility. Governed by a seven to twelve member advisory committee, this utility is responsible for establishing recreation policies and programs to meet the needs of borough residents.

Staffing

The team estimates that the total position cost (includes fringe benefits) for the swimming and recreation utility in 1999 was \$216,663. The recreation component has 45 part-time workers at a position cost of \$74,591 and the pool has 32 part-time employees at a position cost of \$48,188. Management costs for the full-time director, an administrative assistant and a part-time pool manager are approximately \$93,884. The utility provides each employee with a job description.

Expenditures and Revenues

The swimming and recreation utility is supposed to operate self-supporting programs. According to Section I of the utility's mission statement, "the utility will be responsible for collection of all rents, rates, fees or other charges received by the borough in connection with the operation of self supporting recreation programs." The borough contributes some revenue through an additional "management fee" to cover programs that elected officials request, but do not charge a fee for, such events as the Memorial Day parade or senior citizen dinners.

A critical financial management component to the utility is its ability to determine the fee amount that would be required to maintain "self-supporting" programs i.e., to meet program costs including both direct cost, such as salaries, and indirect cost such as fringe benefits. However, the team found that the utility's records did not permit detailed analysis of revenues and expenses by program. Therefore, the utility could not precisely determine if individual programs were self-supporting. The team found that the utility attempted to maintain such records but was unsuccessful. For example, the utility, due to a computer malfunction, lost critical data for 1999 and did not have backup protocols. During the team's review, the utility reported their intent to purchase an \$8,000 accounting software package. The utility's advisory committee identified this package after an extensive search. This software would enable the utility to develop detailed revenue and expense data by program.

In addition to reviewing the records of the swimming and recreation utility, the team reviewed the records of the finance office hoping that they would have more detailed information. However, they, too, did not have the necessary data. In fact, the utility's records did not coincide precisely with the records from the borough's finance office. The team attempted to reconstruct financial data by program by using hardcopies of revenues and expenditures that were available; however, due to time constraints the team was unable to complete such an analysis.

These record keeping issues increase the likelihood of over expenditures or other errors. They also inhibit the utility from providing the governing body with accurate information on the costs of selected programs and the fees that would be required to have them self-supporting. The team believes that the borough's finance office is responsible for maintaining or providing the utility with the necessary financial tools to enable it to carryout its mission.

Recommendation:

The finance office and the utility should agree on a financial software to track utility costs by program. This software is needed to enable the utility to operate self-supporting programs and to provide elected officials with accurate revenue, cost and fee recommendations.

One-time Value Added Expense: \$8,000

Instead, of using detailed data, the team performed a macro analysis for major programs using the appropriations ledger and position value of employees and used 2000 data when that was available.

According to the 1999 appropriations ledger, the borough spent \$481,810 and had revenues of \$454,868, showing a net loss of \$26,942. However, in 1999, the director of the utility retired, which lowered expenditures. This led to a net profit of \$7,684. If the director had not resigned, the utility would have had a net loss. The team added the director's salary cost in the table below, because the position is normally filled and will be in the future. The following table indicates that if the director had not resigned, program cost would have exceeded revenues the by \$26,942 or 5.9%.

1999 Recreation/Swimming Utility Revenues to Expenditures Comparison

Description	Cost
1999 Expenses	
Swimming Pool Expenses	\$67,541
Swimming Pool Payroll Costs	\$58,527
Recreation Expenses	\$109,606
Recreation Payroll Costs*	\$158,136
Swim/Recreation Joint Expenses	\$88,000
Total 1999 Expenditures	\$481,810
1999 Revenues	
1999 Reported in Audit	\$454,868
1999 (Loss)/Profit	(\$26,942)

*In 1999, the director resigned creating a vacancy that was not filled until 2001.
These numbers are adjusted to include a yearly director position cost.

Grounds and Maintenance

Maintenance of recreational and pool areas is divided among the DPW, recreation staff and a private vendor for landscaping services. As part of their duties, lifeguards are required to clean the restrooms at the pool everyday. The DPW handles all field maintenance, such as dragging baseball fields, installing clay and seeding and fertilizing the fields and completing major building maintenance at the pool. According to the utility's records, the DPW hires summer help and the total cost of DPW services is \$10,000. However, the team's analysis found these costs to

be closer to \$54,000 (see DPW Section for recommended improvements in record keeping). This indicates that the cost to operate the utility is roughly \$44,000 higher than previously thought.

The recreation/swimming utility is also responsible for cutting and fertilizing the grass on the recreation fields. Rather than employing a staff and maintaining equipment, the utility competitively contracts the service. The following table provides the cost data for the 2000 fiscal year (1999 data was not readily available).

Location	Acres	Cost Per Cut	Cost Per Acre
Rosebowl	1.2	\$45	\$38
Claremont	0.7	\$35	\$50
Kiwanis	2.4	\$90	\$38
Polo Grounds	10.4	\$200	\$19
Skating Rink Area	0.6	\$30	\$50
Total Area	15.3	\$400	\$26

For an additional \$2,000, the vendor also performs a “spring cleaning” of the pool facility and extensive weeding at all of the fields. In 2000, the utility spent approximately \$11,400 in lawn maintenance.

The team reviewed the lawn maintenance quotes received by the utility found different vendors submitting various low quotes ranging from \$24 to \$40 for the skating rink area. No single vendor offered the lowest quote for all the properties. The utility awarded contracts based on the total cost, which ranged from \$400 to \$612 per week. Had the utility included a partial bid award option, the utility would have saved \$700.

Recommendation:

The utility currently competitively contracts lawn maintenance as a bulk package bid. Had the borough inserted a partial bid award option, the utility could have saved \$700 by awarding the bid to the lowest bidder for each property. It is, therefore, recommended the utility include a partial bid award option when competitively contracting lawn service.

Cost Savings: \$700

Recreation

Fee Structure

Recreation programs range in price from \$15 for a day trip to several hundred dollars for scuba diving or a trip to Williamsburg, Virginia. As noted earlier, the 1999 records lacked the required details to determine whether or not programs were self-supporting; however, 2000 data was available from four programs. Two of the programs, were Scholastic ABC's and Roller Blading. The team's analysis showed a collective loss of \$700. The third program the team analyzed was the summer day (9 a.m. – 12 p.m.) and extended day (12 p.m. – 3 p.m.) camp program. The

utility employs approximately seven counselors in both camps. The team's assessment found an estimated profit of \$7,030 in the day component and a loss of \$948 in the extended day component (see table below).

**Summer & Extended
Summer Day Camp 2000**

Program + Charge	Number of Participants	Revenue	Expenses, Payroll + 5% Admin. Cost	Profit/Loss
Summer Camp 9a.m. – 12p.m. \$155	90	\$13,950	\$6,494	\$7,030
Extended Summer Camp 12 p.m. – 3 p.m. \$155	41	\$5,365	\$6,363	(\$998)

The data indicates that summer camp should charge approximately \$75 while the extended summer camp should charge approximately \$160. The team recognizes that certain programs may offset the costs of other programs; however, without analyzing cost data the utility is unable to set proper fees and, therefore, runs the risk of operating at a loss.

During our review, the utility reported that staffing levels remained the same for both day camps, even though there was a 55% reduction in participants. Reducing the number of counselors by 50% for the extended day camp would have resulted in a \$2,800 savings and a profit of \$1,800.

Recommendation:

Faced with a 55% decline in participation in the extended day camp program, the utility should use cost and revenue data to reduce staffing levels. This would have reduced expenses by \$2,800.

Cost Savings: \$2,800

Refunds

In 1999, borough resolution 99-251 authorizes full refunds for recreation activities cancelled either by the borough or by individuals. Individual cancellations are charged a \$10 fee. Reasons for cancellation include inclement weather, insufficient enrollment and/or a medical excuse. In 1999, the borough issued 78 refunds, returned \$8,379 and earned approximately \$110 in fees. However, upon further review, the team found what appears to be an inconsistent refund policy. For example, two separate sets of parents had enrolled two individuals in the same event. One person was charged \$10 for the cancelled event while the other was charged \$20 or \$10 per person.

Recommendation:

The team recommends that the recreation utility establish a clear policy regarding whether to refund money based on the event or the individual.

Swimming Pool

The utility operates a swimming facility located on Seney Avenue. The pool and the surrounding recreation fields total 27.7 acres. The complex includes a main, a toddler and a baby pool. The baby pool includes several water sprinklers and fountains. The enclosed property also offers a barbecue area, chairs, umbrellas and sunbathing areas. The utility has a snack bar that is annually competitively contracted.

Membership Data

The team found that the utility does not maintain adequate information on membership sales to enable it to properly set fees. For example, the utility issues a membership but the recipient receives a non-serial numbered photo identification card. At renewal time, the utility issues a small sticker with the last two digits of the calendar year. Neither the utility nor the finance office records the number and/or type of memberships or renewal stickers issued. Instead, the utility deposits and records receipts in a simple database by membership type and does not distinguish between the different fees charged, such as the number of preseason versus regular sales. When the team attempted to identify the actual number of memberships issued by dividing the deposit type (i.e., single membership/non resident) by the price of the membership, the result was a fractional number suggesting errors in the data.

Recommendation:

The team recommends that the utility record the number swimming pool memberships by type of membership. This will provide a foundation for setting fee structures and provide improved accounting control.

Fee Structure

The borough uses two, multi-tiered fee structures for residents and non-residents. The utility reviews swimming fee structures annually and recommends any changes to the governing body for approval. As noted above, the team could not determine the numbers of memberships issued; therefore, it could not reconcile membership numbers to revenue. The following table outlines membership revenue:

Membership Type	Cost	Est. # of Memberships Issued*	Total 1999 Revenue by Category**
Resident			
Single	\$175	46	\$132,360
Family	\$295	422	
Senior	N/C	60	
Non-Resident			
Single	\$290	4	\$94,890
Family	\$450	193	
Senior	\$100	30	
Other			
Baby-sitter	\$150	25	\$28,806***
Guest Fee	\$5	1,290	
* Estimated due to poor record keeping.			
** As reported by swim committee.			
*** Includes swim team fees & lessons.			

In spite of limited data, the team attempted to evaluate the pricing structure of the swimming pool memberships. The team used various sources of information to estimate operating cost and the number of individuals who used the pool. These sources include the finance office's appropriation/expenditure ledger and total memberships, excluding guest passes. The team added an 8% administrative cost. The team estimated that 2,565 individuals used the pool, with an average cost per person for the season of \$91 (\$214,462 + \$17,156 divided by 2,525). The team compared the cost per user to the membership fee as shown in the table below.

Membership Type	Pre Season Price	Regular Price	LGBR Estimated "Breakeven" Membership Price	Profit/(Loss) Pre Season Price	Profit/(Loss) Regular Price
Resident					
Single	\$175	\$225	\$91	\$84	\$134
Family*	\$285	\$360	\$361	(\$76)	(\$1)
Senior	N/C	N/C			
Non Resident					
Single	\$290	\$320	\$91	\$199	\$229
Family*	\$450	\$495	\$361	\$88	\$133
Senior	\$100	\$100	\$91	\$9	\$9
* As per recreation department each family membership represents four individuals.					

Based on utility estimates that 60% of memberships are early sales, it appears the utility is losing approximately \$19,000 on early resident family membership sales (\$361 breakeven price – \$285 preseason cost x 422 memberships issued). The other fees generate a profit, which covers this loss so the entire operation is self-supporting. The team also noticed that the percentage differences among charges for non-residents versus residents vary from roughly 50% to 100%. The utility reported that they do not have a policy regarding pricing structures but have increased prices in attempt to keep up with inflation and to meet program costs, although they have no data to document this.

Recommendations:

Based on the limited data available from the utility, the team believes that the membership fee structure is appropriate with the exception of the pre-season, resident and family membership price. According to the team's analysis, the current \$285 fee is \$76 less than the breakeven cost of providing the service; however, the team cautions the utility to delay increasing the fee by the full \$76 until detailed records are kept on expenses and the number of users. Still, based on the LGBR analysis an increase would be justified. It is, therefore, recommended the utility increase the pre-season, resident and family membership price by \$40 to \$325 for a revenue enhancement of \$10,120.

Revenue Enhancement: \$10,120

It is also recommended the utility develop an appropriate and consistent policy regarding membership fees between residents and nonresidents.

Most citizens pay for general government services such as police, fire and snow plowing through taxes. This is a reasonable way to share government cost, because all residents are equally eligible to use these services. However, this is not the case with recreation/swimming pool services. The cost of these services can be directly identified with those who choose to participate. In the case of the swimming pool, the borough provides free access to resident senior citizens even though expenses can be directly charged to the user. However, the borough charges non-resident seniors \$100. The recreation department estimates approximately 60 resident senior citizens use the facility.

Recommendation:

The team recommends that the borough's senior citizens should pay their portion of the cost to operate the swimming pool. A \$40 annual membership fee is reasonable and this would generate \$2,400 in additional revenue.

Revenue Enhancement: \$2,400

Staffing

The borough employs approximately 33 lifeguards and one swimming pool manager, who is supervised by the recreation director. In 1999, salary costs were approximately \$56,823.

The director uses an overlapping schedule to maximize staffing during peak periods. This results in an average of four to five lifeguards on duty, which allows for three guards on the main pool and one for the toddler and baby pools. The team found this extremely efficient.

Capital Projects

The swimming pool complex is approximately 50 years old. While the grounds were in fairly good shape, the pool and facilities are showing their age. The borough has a capital budget in place, but does not include replacement of the pool or major improvements. The borough plans to renovate the bathhouses and sandblast the pool. The renovation of the bathrooms was included in the capital budget, but the sand blasting was not. Given the value of the pool to the community, the borough should consider engaging the services of an engineer to evaluate the condition and useful life of the pool and the facility. This information would enable the borough to plan for the replacement of the pool, which the team estimates would cost approximately \$1 million.

Utility vs. Commission

At the time of the review, borough officials were examining the option of re-establishing a recreation/swimming commission. The commission would be a semi-autonomous entity and would be authorized to deal with the increasing use of recreation facilities and many of the sensitive issues surrounding use of the fields by domestic animals and the competitive use of the fields by different baseball groups.

The team believes that the commission may have some advantages but it will increase costs. The increase would result from the need to establish the commission as separate body from the borough's finance office. The business responsibilities of the commission would include financial, personnel, operating procedures, and audits among other things. Initially, the

commission would need an additional secretary at a position cost of \$37,000 plus necessary business supplies. Although it may cost more, the commission may be able to operate more efficiently. The earlier commission developed a \$200,000 surplus over the years.

Establishing a commission would remove utility work from the borough and may result in reduced borough staffing. However, the borough may be able to share the position with the proposed commission, avoiding the elimination of an employee from the finance office.

On the other hand, the current utility saves the borough money because the finance office handles the responsibilities of record keeping, purchasing, payroll and auditing. However, as noted above, these need to be strengthened in relation to the utility.

The commission may improve the record keeping and financial aspects of the current utility; however, it comes at a higher cost. Perhaps, a less costly alternative may be to improve the borough's financial office support of the utility.

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally, through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section.

The borough has four collective bargaining units. The New Jersey State Policeman's Benevolent Association Local Number 365 has two contracts, one for sergeants and lieutenants and the other for patrolmen and detectives. The Union of Production, Clerical and Public Employees Local 911 represents dispatchers. The Public Works Employees Association represents public works employees excluding the foreman, road department superintendent, and the assistant to the Wastewater Treatment Plant Operator.

Each of the four contracts is roughly similar in terms of sick leave, vacation, holidays, retirement, etc. They are also organized in a similar fashion. The team notes any recommended changes below.

The team commends the borough for negotiating similar contracts, which improves negotiating and administrative efficiency.

Severance Pay On Retirement

The borough does not have a sick leave buyout at retirement. The borough offers another type of buyout called severance pay. According to the labor agreements, all eligible members retiring with 20 years of services are entitled to retirement leave equivalent to "one week for each year of service, less five" or 15 weeks of pay at retirement. The cost of this leave is significant. Using the maximum pay on the guides listed in the latest labor agreements, at retirement dispatchers would receive \$10,716, patrolmen and detectives \$20,192, and sergeants and lieutenants \$23,077. DPW employees would earn about \$17,308. The non-bargaining employees would receive \$12,981.

To illustrate the future cost to the borough for this benefit, the team assumes that 75% of the current employees would retire from Bernardsville. The team estimates that the total cost of this benefit would be \$668,500 based on current salary levels. This is roughly \$26,700 per year for a 25-year period.

A more prudent practice would be to establish a cap on the amount that can be paid. The state and many municipalities have such a cap on sick leave buyout. An employee is reimbursed for half of their accumulated sick days, to a maximum of \$15,000. If the borough placed a \$15,000 cap on severance pay on retirement, the cost to this benefit would be \$560,700 or \$107,740 less. The annual cost would be \$22,400 or \$4,300 per year less than without such a cap. The team believes that this amount is conservative, as it will increase as salaries increase.

Recommendation:

The borough should negotiate a \$15,000 cap on severance pay on retirement. This would reduce the borough's cost by \$107,740 or \$4,300 per year.

Potential Cost Savings: \$4,300

Longevity

The borough does not have longevity for its bargaining units. Instead, salary increases are negotiated using grades and steps. LGBR views longevity payments simply as additional compensation, based solely on length of employment with no credible tie to performance. LGBR believes that compensation should be based on employee's increased knowledge and accomplishments, not how many years they have worked.

The team commends the borough for establishing salary grades and ranges to set employee compensation amounts.

Police Uniforms

According to the three collective bargaining agreements (sergeants and lieutenants, patrolmen and detectives, and dispatches) police and dispatchers receive \$1,300 and \$400 in uniform allowance, respectively. In 1999, borough reimbursement for uniforms totaled \$25,700 for 20 police department employees. Under normal wear and tear, police uniforms generally last several years before they require replacement. Based on a quartermaster system where uniforms are replaced on the condition of returning the unacceptable uniform, replacement cost averages approximately \$225 per employee.

Recommendation:

During the next negotiations, the team recommends the borough replace the uniform allowance with a quartermaster system that replaces uniforms only when issued uniforms are unacceptable in presentation. Based on an average of \$225 per uniformed officer, the borough will save \$21,200.

Potential Cost Savings: \$21,200

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery, in an effort to highlight shared services already in place and opportunities for their implementation.

The borough shares many services with other government entities. These include the following:

- The borough has an inter-local service agreement for health services with the Somerset Hills Municipal Health System. The borough joined the system around 1989. It provides health department services for the eight participating municipalities.
- The library belongs to the Raritan Valley Federation of Municipal Libraries. The nine libraries in the federation have reciprocal relationships among themselves; some of the libraries included are Bedminster and Mendham.
- The borough has an inter-local services agreement to complete UCC requirements with Mendham Borough. Each borough receives 17.5 hours of one full-time person.
- The borough is in a joint insurance fund (JIF) for property and casualty insurance. There are approximately 15 other municipalities in the JIF.
- The borough shares some baseball fields with the board of education, but would like to do more.

Recommendation:

The borough should try to establish a formal working group with the school board to review the possibility of sharing more services and resources with each other.

V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team by local officials, which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Animal Control

The team identified a concern among the borough’s management that the state’s regulations for building and operating dog pounds are overly burdensome for small boroughs with limited animal control issues (N.J.A.C. 8:23A-1.1 et. seq. – Sanitary Operation of Kennels, Pet Shops, Shelters and Pounds). As noted in the animal control section of this report, the borough needs to construct a new facility that is rarely used. Bernardsville averages less than one (.47) animal calls for service per day. Of the 173 calls in 2000, 70% were for non-domesticated animals.

The regulations are overly burdensome for two reasons. First, the statute requires all municipalities, regardless of size or need, to meet the same standards. Secondly, these standards can be somewhat extravagant. For example, the facility must maintain a minimum 55-degree temperature at all times. The regulations, understandably, require an isolation room for infectious animals; however, if the facility has no such animals, the room can’t be used for anything else.

The statute should be amended to address the needs of smaller boroughs.

Special Law Enforcement Officers (SLEO)

Bernardsville police department operates on minimal staffing. When a staffing shortage occurs and off duty officers will not work overtime, the department extends the existing and next shifts from 12 hours to 18 hours, thereby, creating concerns for safety. This situation occurs infrequently, but when it does the borough has no remedies. The borough can not hire an individual who is employed in another municipality as a police officer or as a special law enforcement officer as a SLEO because N.J.S.A. 40A:14-146.10(d), restricts SLEOs from working in more than one municipality. This statute should be amended to allow SLEO’s to work for two municipalities. This will allow Bernardsville to seek coverage assistance from nearby municipalities.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGEMENTS

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